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ITAR-TASS Carries Press Review for 13 Jul

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["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, July 13 (ITAR-TASS) — IZVESTIYA frontpages an article by news analyst Valeriy Vyzhutovich under the headline "The Duma interrupts the impeachment procedure. The President feels well".

KOMSOMOLSKAYA PRAVDA carries a reportage by its correspondent who managed to penetrate the grounds of the Central Clinical Hospital where the President is staying.

ROSSIYSKAYA GAZETA emphasises that personal safety becomes the center-piece of social and socio-political stability in Russia.

The newspaper carries an interview with Lieutenant-General Vladimir Kolesnikov, Chief of the Main Criminal Investigation Department at the Ministry of the Interior, who believes that what is needed now is laws "which would enhance responsibility for crimes, particularly grave ones".

At the same time Kolesnikov opposes "imprisonment for offences which do not pose great social danger". Kolesnikov suggests establishing a special institution — a Federal Internal Security Service (FISS) on the basis of the Interior Ministry and the Federal Security Service. FISS should be accountable directly to the President and must take under its control the action to combat economic crimes.

KRASNAYA ZVEZDA on the Russian-Chechen peace talks in Groznyy.

The newspaper is of the opinion that the Dudayev delegation has not put forward a single constructive proposal within the framework of the negotiators-proclaimed readiness to make compromises.

"Dudayev men are much more active on the approaches to the OSCE mission building where the talks are taking place. They fan up passions at the ongoing rally outside the building and even perform a religious dance together with those present. According to various data, 600 to 2,000 militants have already infiltrated the city," the newspaper writes.

IZVESTIYA on the introduction of a new-form foreign travel passports for Russian citizens.

The newspaper carries an interview with Abdulah Mikitayev, Chairman of the Citizenship Commission to the President of Russia. The old-form passports, which are still valid, will not be cancelled, he said.

Mikitayev said an Identity Card of the Citizen of the Russian Federation has already been drawn up. This document will replace the internal passports. However, the Ministry of the Interior still insists on a residential registration stamp and a marital status notation, IZVESTIYA points out.

IZVESTIYA reports an unprecedented protest march, which took place in Ashgabat, the capital of Turkmenistan, on July 12. Thousands of people marched through the central avenue of the capital.

Leaflets, addressed to the Russian-speaking population of the country, urged them "to cease tolerating deceptions and promises of President Niyazov. Join us and together with us, Turkmens, take part in a peaceful march of protest and support us in a demand for new people's elections".

Kozyrev Interviewed on OSCE, NATO, Chechnya

LD1207162795 Moscow MTK Television in Russian 1730 GMT 11 Jul 95

[Studio interview with Foreign Minister Andrey Kozyrev by correspondent Boris Notkin; from the "Boris Notkin Invites" program — live or recorded]

[FBIS Translated Text] [Notkin] Dear viewers, some of the major, most prominent political powers have occupied the post of foreign minister in our country. It was that way under the tsars, and strange to say, under the Bolsheviks; remember Trotskiy, Chicherin, Litvinov, Molotov, Gromyko, people who in their time were the most outstanding in the political system. We are not changing this good tradition today. At the head of our foreign policy department is one of the brightest and most talented people in our political establishment, Andrey Vladimirovich Kozyrev.

Andrey Vladimirovich, for all your personal qualities, authority, foreign policy is all the same determined by internal policy. You cannot do anything about this; if events in Chechnya were not happening, then your life would probably be much easier too. But to make our conversation more interesting for the viewers, as some questions have already come in, I will put some questions to you.

This is from Tatyana Andreyevna: Women, children, and old people have died during the war in Chechnya, several tens of thousands. You supported resolution by force. Tens of thousands of people have been left homeless. What do you think of this now?

[Kozyrev] Before answering that question, I should probably say that I am very glad to be able to take part in the very best program, at least for Muscovites, with this program's most talented anchorman, Boris Notkin. So we are now finished with handing out compliments. But I would also like to thank you very much for choosing the easiest, most pleasant question right off the bat. [laughs]

The question is difficult, of course. Yes, I was in favor of resolution by force, at any rate of the use of force, and still think that the state is obliged in a number of instances to use force if there are no other ways of putting an end to criminal lawlessness. You know that the so-called Chechen mafia became renowned throughout the world as the most militant detachments, or avant-garde as they used to say about the CPSU, of the so-called Russian mafia. But generally, if we are talking about human rights, then how can we tolerate on our territory a regime, even if it is formed as some kind of state, which in fact robbed children, robbed old people, and all this money went toward buying drugs and weapons? These facts are now well-known. The death rate in Chechnya under Dudayev was eight to 10 times higher than in the most backward places in the CIS, that is in the former Soviet Union. This is no accident.

Of course it is another matter that we all still have to realize how exactly to implement these decisions...

[Notkin, interrupting] Still have to realize, not have realized?

[Kozyrev] Yes, I think that we have not realized how at present. We are at present prisoners of emotion, and of course feel the deepest sorrow for those who died, both for Russian citizens [rossiyanam] and ethnic Russians [Russkim] and those carrying out state service. I think that whatever one may think of the decisions of politicians, the people deserve respect who served there, who laid down their lives, who were wounded and all who simply lived through this difficult, you might say...

[Notkin, interrupting] Those who were looting there, the special purpose troops. Do they also deserve that respect?

[Kozyrev] I think that the prosecutor's office should work here. There have always been such individuals in all cases, in all wars, in all such wars. We could say that every family has its black sheep, but the prosecutor's office must work on this. There is a lot of emotion here again, we all feel a great deal of emotion, but I am not in favor of hasty assessments of a situation like this. We are talking about a national tragedy, about a tragedy for our country that must be lived through.

I find one consolation in all this: That we are living through this tragedy together, openly, without any censorship, without any, you might say, restrictions. Everyone expresses their emotions, their opinions, their points of view, criticizes, you might say, argues, fails to agree. It is a sign that we are nonetheless a healthy society, that we will be victorious and find a way out. But I would warn against haste here...

[Notkin, interrupting] But I cannot agree with you about haste because if we do not hurry, then first the tragedy might grow and become more widespread. The country's leadership needs to be influenced somehow, we have few opportunities for influence, because on the whole we ordinary citizens are not listened to. In this situation, the question arises, to what extent can the international community explain to our leadership that it is better to wait a year than bomb one's own towns, than to use Grad installations, rather than to use force?

[Kozyrev] In this case the international community cannot do very much and I do not think that we need so much the international community...

[Notkin, interrupting] To put pressure on us?

[Kozyrev] To put pressure on us. I am certainly against this.

You know, people ask me sometimes why was it that during the Baltic events in the Soviet Union — we seem to have met then, it was, perhaps, in 1990 — I was in favor of involving the CSCE as it was called then, the Conference for Security and Cooperation in Europe, whereas now my stand has changed suddenly? First of all, this is not quite so. I favored a CSCE presence and involvement then and I favor it now. On the whole, we are ensuring its presence. If you take a look, the talks are even being held in the same building, and although it bears the inscription 'Conference' now it is called 'Organization for Security and Cooperation in Europe.' On the other hand, the Soviet Union's main problem was the absence of glasnost, as we call it, and of the possibility of open criticism. This is not the case now, that is why the international community's participation is fairly limited. Of course, they cannot help us to hold talks, if only because we all speak the same language, because we all, the Chechens and the Russians, are citizens of the same country, we all are citizens of Russia, and if we fail to sort things out ourselves, nobody will do it for us. The international community, however, is legitimately concerned about human rights, the rights of the individual that you have mentioned, especially as regards the civilian population. When something similar is taking place in other countries we too have the legal right to voice concern and receive information. So in this sense we believe that the OSCE, or the CSCE can take part and is taking part.

[Notkin] You see, you are speaking about glasnost. Some glasnost! I have had a chance to speak with some of our ambassadors who told me that when they are summoned by the relevant heads of government in their countries of accreditation they [ambassadors] cannot say anything about Chechnya apart from what was carried by our ITAR-TASS. So even you in the Foreign Ministry did not get realistic information on what was going on. I am speaking about the first month, when hostilities ended, when there was just a bunch of bandits, bandit formations. But by that time the authorities already knew that those were not just bandit formations but separatists, a totally different substance, that is, a people that wants to live separately. I do not know how to deal with it but it is absolutely obvious that a falsification campaign organized from the top continued, a falsification campaign aimed at ordinary Russian citizens, and the Foreign Ministry was assisting this campaign, in fact.

[Kozyrev] I would not say that we assisted any deliberate campaign...

[Notkin, interrupting] Well, you did not try to stop it.

[Kozyrev] I do not think that we could speak about a deliberate falsification campaign. The thing is that, perhaps, we all were learning about some facts in the process, and in this sense the Foreign Ministry and its embassies are part of the people and all of us who sometimes hardly know more than everybody else. The only thing is that all the time we have been trying to explain two circumstances, that in general the use of force in such cases is legal and justified, and we found understanding on that, that it was the question of keeping the state's territorial integrity. But also we mentioned the fact that critical voices were heard in our society, including the views that you mentioned now, and there have been even tougher views. We have never hindered this information from being circulated, abroad also. I can say the following thing: For instance, Sergey Adamovich Kovalev, who is one of the most outspoken critics I would say — and one could disagree with him on certain points — but nevertheless, he was our representative with the UN human rights commission and took part, as head of a state delegation, in the human rights commission at the height of those events and there he conveyed our official point of view, a more balanced and reserved one, as we see it. Anyway, we have always been against any sanctions or punishment because in our situation it is simply silly and counterproductive. Incidentally, he acted and acts on his own, as an individual in order to bring pressure to bear on the government to some extent, it seems to me. But nobody has ever tried to withhold his visa. On the contrary, he was even the head of delegation although some things he said as a private individual only, as head of the official delegation.

So, I do not think that we were engaged in a propaganda campaign here. We actually tried to make sure that there was no propaganda campaign. The fact is that we made proposals, which received the president's support, that the OSCE should have the right from the very beginning to send a mission to investigate incidents, conditions, a mission of observers — since, as it were, the world community does not live like savages and people are not islands, as Hemingway said.

So, of course everyone thinks that there should be a tool of some kind and the OSCE is the tool. Why? Because it is an organization of which Russia is a full member and, essentially, it is our organization. It acts on the basis of the rules that we drew up together and these people have had access from the very beginning and they have travelled to Chechnya several times and opened their own mission there. Talks are even taking place in this mission now. So, we have not hidden but have allowed observers in. They are on the spot, they have presented reports and information to the OSCE and not only what we have given them but what they have found out themselves, including information about what is happening in the Duma and the Federal Assembly and the stance of Kovalev and the opposition parties there and so on.

So we have never hidden anything from the international community or made any attempt to do so. The only thing that we have done and are doing is to try to explain that a tragedy like this can, in principle, happen in any country and it is very difficult to say who would behave in what way.

Also, this needs to be said again: The OSCE documents say that the member states, that is Russia and all the others, do not have the right to permit uncontrolled associations to exist on their territory, especially armed groups. You know that such armed groups did exist on our territory.

If the Chechens tomorrow — and incidentally something like this has happened, the militants took part in the fighting in Abkhazia, this is part of Georgia, an independent state. They were reported to have taken part in the fighting on the side of Gamsakhurdia, so what should Russia have said? We are not responsible despite the fact that these armed groups are fighting somewhere — I am sorry but are we a state or not? If a state bordering on us declares something and we do not know what is going on there, someone has gone somewhere, we will take this into account. We will say no, this is war, this is aggression against us and the state, a member state, is obliged to take responsibility for its territory and to put it in order.

[Notkin] Andrey Vladimirovich, there is no doubt that we must put things in order and this has been shown convincingly. It is also clear that we cannot allow separatists on our territory who are armed up to the teeth and do not recognize the country's integrity. What is it that the opponents of the war in Chechnya are against? The mincing machine, the war, and the fact that the task being carried out was not explained at all.

They were told that the bandit groups were to be disarmed, it then turned out that they were not groups of bandits but a well organized army belonging to the separatist regime and this represented a completely different task. So, Petr Ivanovich asks why there has not been any question of partitioning off Chechnya. Chechnya should be partitioned off so that Russians are not hurt any more. Perhaps, if they do not want to partition it off it could be let go somehow. I am not coming out in favor of this, I am just putting it forward as a possibility.

[Kozyrev] Well, in some countries in the East a man gets up every morning and thanks God that he is not a woman. In the same way, I have arisen each morning for the past six months or so and thanked God for making me the minister of foreign and not internal affairs.

So, as the foreign minister, I can only speak from the point of view of integrity and carrying out our obligations. But the second part of our obligations — the first part being to put things in order on our territory — the second part of our international obligations is to observe human rights, including those of the civilian population even under the conditions of armed conflict. This is the part that the OSCE, the mission, is constantly pointing out to us and is reproaching us for. So work on this is being done here by the world community and I would like to say again that this is the radical difference between this situation and everything that happened, let us say under the Soviet regime when everything was hidden and the state lie prevailed. We are not presenting any state lies to anyone.

As far as partitioning or not partitioning is concerned, this is a very difficult question. First, what do we partition it off from? If you look at the map, this is very difficult.

[Notkin] This is a very cunning question, they did not just happen to fight in Abkhazia by chance.

[Kozyrev] That is probably true, and this, incidentally, is also part of our international responsibility both to the Transcaucasian republics and to the world community as a whole. We are talking about more serious things, but we should not forget the nationalities living in Russia and the demographic composition of Chechnya. As foreign minister I am completely indifferent as to whether you are a Chechen by nationality or whether you are of another nationality, or whether your passport says you are an ethnic Russian or Ukrainian. What is important to me is that you live in Russia and that is it. The people of Russia live there and according to the most recent census more than half the population are ethnic Slavs — that is they are not mountain peoples.

In general this is a very difficult question. Let us hold elections, let us get a legitimate government there, within the framework of the Russian Constitution. I do not think we should be talking about partitioning off but about defining spheres of authority, the powers of the federal center and the powers of the republic as has happened in all the other cases.

[Notkin] You know, there have been a great many questions on Chechnya but I would like to change the subject a little bit. The KROKODIL journal has published a calendar, I would like you to have a look Andrey Vladimirovich. You are portrayed there in the role of Hamlet and I think this is quite accurate because people have understood that in our previous broadcasts when you spoke — and not only to me — your intonation was that of a person who has some doubts about what he is saying. There was a certain conditioning about it. Many people have noticed that you have changed from a dove to a hawk — that is the terminology — that you have started to speak more harshly. Your words, not only your words but your intonation has become very categorical and imperious. Why has this happened?

[Kozyrev] It is not true, I am probably just getting older.

[Notkin] In a year, can you get that much older in a year or two?

[Kozyrev] Perhaps, I am more stupid. In general, educated and intelligent people doubt. What frightens me most in our society and in our internal policies — and I must say the pressure is felt in foreign policy as well — is the pressure of the primitive. I met Yevtushenko today and he, for example, spoke of the pressure of vulgarity. You know, this really is there. The primitive, the oversimplified decisions are the most terrible things. We are being pushed into confrontations, into an oversimplified, black and white approach more or less into what we have been accustomed to over the past 70 years or so — of course, this sticks in our minds — instead of seeking much more difficult and, if you like, clever or intelligent decisions. If I have started to sound like a loud-mouthed soldier then it is probably time for me....

[Notkin] Not a loud-mouthed soldier but let us say a person who could quite easily be a foreign minister for his imperial majesty, a duke, prince, aristocrat, intellectual, but with the great empire behind him. This is quite clear.

[Kozyrev] If I had an estate as well it would not be bad. I looked around in the Moscow suburbs. There is a boom. Wherever you go, wonderful estates are being built everywhere. I do not know whether dukes had them but they are quite good for small noblemen. If I had an estate like that then my voice would probably be much stronger.

[Notkin] How do you feel as the foreign minister of a great power, but a single dacha costs at least $500,000. If you are able to make yourself heard for as long as Gromyko that would take you about 20 years to earn.

[Kozyrev] I do not think I would even get that amount in total.

[Notkin] You would not, so how do you feel?

[Kozyrev] But I am a minister of foreign affairs, so what can I do? It seems that an airplane is my lot. What do I need a dacha for? I have an airplane, a study, a negotiating table, and everything else is superfluous, perhaps.

[Notkin] Andrey Vladimirovich, you have mentioned NATO. Let me ask you why is Poland so eager to join NATO. After all, Germany is near there, and for the Poles the Germans are worse than Russia. After all, Russia means brother Slavs, however they are desperate to get into NATO. The same about the Czechs, who the Germans occupied so many times, take the Sudeten, for instance. They too are desperate to join NATO. You are making such great efforts to prevent these countries from joining NATO, but would not it be better, maybe, to think why they are so eager to join NATO and to tackle this issue from a different side?

[Kozyrev] We are thinking, moreover, we are saying that this is their sovereign right to decide where they would like to move. It is another thing that we have the same right as they do to voice our point of view on whether this process should be rushed or started at all because we live in a single Europe and everything that is happening in another place affects us somehow, too. That is why we do not dictate to them, in this case. But it is quite easy to understand them. It seems to me that psychologically many people there, many politicians confuse, to a considerable degree, a membership card of the military and political alliance of NATO — and this is the whole problem, why should a military and political alliance be expanded while we are speaking about peace in Europe? With a check book, you see, a check book in good Western banks which, as a rule, are situated in the capitals of major NATO member-countries. For instance, who of us would not like to reap the fruits of Western civilization, shall we say, to have an account in a good bank, in London, for instance, or in a German bank? This is what membership of NATO means. In other words, it seems, issues are mostly being confused here. They want to overcome economic backwardness quickly and to live like they do in the West. For the time being they do not want to live the way we in the East live.

[Notkin] Andrey Vladimirovich, I have a feeling, however, that they are afraid of political instability in Russia, that people like Vladimir Volfovich [Zhirinovskiy] will replace today's rulers, and NATO is the only way for them to survive and protect themselves against Zhirinovskiy and company. When you are very skillfully twisting the Americans' arms by way of China, Iran, and so on and keeping those countries away from NATO you, in fact, are depriving them of the only way to save themselves from Zhirinovskiy, Aleksandr Sterligov [chairman of the Russian National Assembly], and the like.

[Kozyrev] Well, I agree with you that, of course, Vladimir Volfovich and the like are doing appalling damage to Russia and its international position, and are promoting the image of this country as a savage one or one where a medical case cannot be distinguished from a political one. I have been saying this all along. There is an impression that policy is being implemented at a schizophrenic level here. Naturally this is very bad. This is bad not only because of NATO since the latter is quite a long-standing case, after all. But also the fact that investors have so far been reluctant to come to our country is explained, to a considerable degree, by the above. Not even because we lack legislation or have fairly heavy-handed administrative practice, not even because of corruption but, first of all, because of this impression that this is a country where some political savages are operating.

[Notkin] What savages? After all, they were voted in [words indistinct]. This is not an impression but figures.

[Kozyrev] Exactly, I agree with you. This is scary, naturally. But I cannot accept this logic, after all, because it is becoming a self-fulfilling,-gloomy prophecy. That is, by starting to expand NATO in case Zhirinovskiy comes to power they are making his victory more probable. Why? Because many people start asking the following question: Look, today we are a democratic country, not a fascist one, after all, and even Chechnya, whatever may be said about it, is the primary indicator that ours is an open and democratic country, both at home and for the outside world, as I have said. So why are they doing this today?

[Notkin] They can do this when Zhirinovskiy comes to power, so why hurry?

[Kozyrev] Absolutely. Let us look at a practical situation. I understand the situation 10 years ago when Soviet divisions, a 500,000-strong army was stationed in East Germany alone, not to mention all other countries, and we were told at the time that there were tank armies that could indeed reach La Manche in a few hours, or a single tank assault dash was enough for them to reach Western states. But now the geography has changed. Even if one of the above people came to power here — they do not realize it themselves. Zhirinovskiy is speaking about all kinds of assaults to the south and so on but he does not realize that it not so easy to do. After all, Hitler needed at least six years, from 1933 to 1939, in order to (?build his machinery)...

[Notkin, interrupting] [Words indistinct]

[Kozyrev] So they will have enough time.

[Notkin] There are very many questions coming in. It seems you have persuaded me and the viewers too.

[Kozyrev] If only we could persuade them not to hurry.

[Notkin] Andrey Vladimirovich, Gennadiy Andreyevich Zyuganov has said how can you live in a country that has three governments: The Yeltsin government, the Chernomyrdin government, and the Kozyrev government. What comments do you have?

[Kozyrev] Is it better to live in a country where there is only one politburo? The situation he is talking about where there are many voices — and it is quite difficult to draw up policies — I would perhaps add Rybkin and Shumeyko if only to stand for the parliamentary structures that they head, and many others could perhaps also be added. If you look at any democratic country, the United States or France or any other, you will see exactly the same kind of differences of opinion. The parliament says one thing, the government something a bit different, and sometimes the foreign minister is a very independent figure.

[Notkin] You seemed to be very close to the president, have you fallen out with him a bit?

[Kozyrev] No, not at all. The president and I, we have the president's foreign policy in the sense that he has the last word and this is as it should be because it is assigned to the president by the Constitution and the president has a national mandate.

[Notkin] But how is your personal relationship with the president, because there are rumors in the press that Boris Nikolayevich has cooled toward you and your resignation is possible, there is even discussion of who might take your place? How is your personal relationship today?

[Kozyrev] Well, with regard to resignation, any minister must always be prepared for resignation. I have been prepared for resignation for five years and in the meantime by 15 October I will have been working with Yeltsin, in his government, in his administration, for five years. Rumors like these have been appearing about once a quarter at least throughout these five years. Evidently, the planned economy has an effect here. Of course there are people who very much want to drive a wedge between the president and myself. I hope that this will not be successful. As for the fact that the president sometimes makes critical remarks — he criticizes all of us — there are always reasons and this is his job, he is the head of state and has to see our good points and our shortcomings. I think this is natural and reasonable. I think that we have a reasonable working relationship and have always had quite a good personal relationship. I have respect for him.

[Notkin] Andrey Vladimirovich, there are many questions like these: Nikolay Chernyshev, the American Embassy in Moscow often refuses guest visas to Russian citizens; Yelena Vorobyeva, what comments do you have about the work of the German Embassy — people are waiting six months for visas, is this not an insult to our country?

[Kozyrev] Yes, we are asking questions about visas, the simplification of procedures, them being made more civilized. This is a constant topic in all of our talks, not only with the embassies, of course, but also with the foreign ministers. It has even been touched upon at summit level. These are quite difficult problems but I think that we will manage to resolve things so that there are fewer financial and emotional costs to our citizens.

[Notkin] Now, literally the last 10 seconds. I am always struck by how fresh you look after flying, for example, from Moscow to Australia and then from Australia to America, that is through two time zones, as fresh as if you had just got up in your Moscow dacha. How do you manage to be so alert with such time differences?

[Kozyrev] This probably leads people to conclude that I do not need a dacha and that is why my salary is not increased. It is probably my biggest mistake. I can sleep in planes, that is perhaps the main thing. The main thing is to be able to sleep when you have half an hour, to be able to fall asleep immediately. I could fall asleep in this chair five minutes after our conversation, sleep for 15 minutes, sleep and then continue.

[Notkin] Andrey Vladimirovich, thank you for coming. It was very important because when you understand it is easier to accept. I think that you have done a lot for us psychologically, for our attitudes and our self respect. Please visit us more often.

[Kozyrev] Thank you.

NATO Air Strike on Serb Tank Convoy 'Unjustified'

LD1207142495 Moscow INTERFAX in English 1034 GMT 12 Jul 95

[FBIS Transcribed Text] MOSCOW, July 12 (INTERFAX) — Moscow believes that the NATO air strike on a Serb tank convoy near Srebrenica Tuesday is unjustified. "These strikes were not needed," a high-ranking Russian diplomat told INTERFAX Wednesday.

According to the source, the logic of the decision-makers could hardly be understood.

"It was clear beforehand that they will give a counterproductive effect. So it went: two hit tanks were in fact exchanged for the Serbs' seizure of Srebrenica," he added.

The diplomat said the air strikes endangered the lives of the UNPROFOR [UN Protection Force] personnel.

"In other words, the effect from the power show once again resulted incomparable with the costs of its use," he noted.

The required procedure for dealing air strikes had been fully observed, he added. "Srebrenica was proclaimed a safe zone which implies an automatic enactment of the U.N. Security Council's resolutions allowing use of force. Serbs had been warned of possible strikes beforehand. So, there are no claims here," he noted.

The diplomat said NATO could deal another "senseless" air strikes on Bosnian Serbs.

The diplomat said the Russian Foreign Ministry will make an official statement on the latest events in Bosnia Wednesday.

Official: NATO Acted 'Correctly' in Air Strike

LD1207175095 Moscow INTERFAX in English 1546 GMT 12 Jul 95

[From the "Diplomatic Panorama" feature: Reports by our diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] MOSCOW, July 12 (INTERFAX) — However we regret it, but NATO acted "quite correctly" dealing an air strike on Serb positions near the Moslem enclave of Srebrenica Tuesday, another high-ranking Russian Foreign Ministry official told INTERFAX Wednesday.

According to the diplomat, "in this case the NATO aviation acted in full accordance with the procedures agreed on between the U.N. and the alliance." "What is more, the grounds were more than substantial — to protect the UNPROFOR personnel," he added.

The source said "the Bosnian Serbs in fact got too arrogant, and the world community apparently had to act like that."

At the same time, the diplomat said "though it is the Bosnian Serbs who are to blame, they responded to provocations by Bosnian Moslems, though using inadequate methods."

The diplomat said "thanks to Russia's efforts a draft resolution on the situation in Srebrenica submitted to the U.N. security Council on France's initiative Tuesday was amended with a provision that the agreement to demilitarize the so-called safe zone around the enclave was neglected by both conflicting sides."

The source recalled that the agreement had been signed by representatives of the armed forces of Serbs and Moslems in April 1993 under the U.N. auspices.

"The failure to fulfill the agreement served as a kind of trigger for the present conflict which has grown into an open challenge to the U.N. security Council," he added.

The diplomat was concerned about some NATO member-states' plans to entitle the alliance to protect the civilian population in Bosnia. "Such an expansion of the alliance's scope of activities would be very dangerous," he noted.

The source emphasized that the Srebrenica events "served as a powerful signal that the true settlement of the Bosnian conflict is possible only by political means."

According to the diplomat, the stake should be put on Serb President Slobodan Milosevic as the crucial factor in the establishment of peace in the Balkans." "To do this, all sanctions should be lifted from Belgrade so that it could cease to be a disabled member of the world community," he added.

Foreign Ministry Opposes Withdrawing Peacekeepers

LD1207191795 Moscow INTERFAX in English 1733 GMT 12 Jul 95

[FBIS Transcribed Text] MOSCOW, July 12 (INTERFAX) — Moscow is seriously concerned about recent events in Bosnia, the Russian Foreign Ministry said in a statement transferred to INTERFAX today.

"The military actions earlier launched by troops of the Muslim-Croatian Federation and the tough response from Bosnian Serbs are leading to a natural result: the logic of force is gaining the upper hand in Bosnian affairs, which signifies new suffering for civilians, new victims and another dozen of thousands of refugees. The situation near Srebrenica is developing exactly under this scenario," the Russian Foreign Ministry said.

The Russian Foreign Ministry condemned the actions of Bosnian Serb troops for ignoring UN Security Council resolutions on safety areas in Bosnia-Herzegovina. "We cannot fail to ignore the violation of this region's demilitarized status by the other party to the conflict," the Foreign Ministry said.

The Russian Foreign Ministry said it considered as inadmissible the attacks on the UNPROFOR [UN Protection Force] and taking peacekeepers hostage by any of the conflicting parties. The ministry stressed that "use of air strikes is not a way to resolve the problem."

The Russian Foreign Ministry said the present situation could be overcome not by withdrawing peacekeepers from Bosnia or increasing the use of forces, which would involve serious negative implications, but by ensuring the safe and efficient functioning of the UNPROFOR.

The Russian Foreign Ministry said the Yugoslav crisis could be resolved only by political methods, no matter how hard it is, proceeding from the proposals put forward by the Contact Group "whose potential is far from exhausted."

Diplomat: Bosnian Leaders Incapable of Compromise

LD1207144695 Moscow INTERFAX in English 1316 GMT 12 Jul 95

[FBIS Transcribed Text] MOSCOW, July 12 (INTERFAX) — The current political leaders of both the Bosnian Serbs and the Moslems are incapable of driving their people away from the state of "permanent war until the victorious end." "Stubbornness and reluctance to compromise, characteristic of the leadership of the conflicting sides in Bosnia, do not allow to sit them at the negotiating table," a high-ranking Russian diplomat told INTERFAX Wednesday.

The source condemned the attempts by some western and Russian media to represent only one of the conflicting sides as heroes and fighters for a just cause. In Bosnia, where a true civil war has been going on, there are neither right, nor wrong, all are equal, he added.

The diplomat said he did not share "apocalyptical forecasts, according to which the world is on the brink if not of a third world war, then in any case of the next Balkan war." "We are on the brink of a full-scale NATO engagement in military operations in Europe," he said referring to the use of NATO troops to ensure a possible pull-out of peacekeepers from Bosnia.

'Serious Concern' in Moscow Over Srebrenica

MM1207133995 Moscow IZVESTIYA in Russian 12 Jul 95 p 3

[Report by Maksim Yusin: "Serbs and United Nations Exchange Ultimatums. Moscow, As Always, Is Worried About What Is Happening"]

[FBIS Translated Excerpt] After a brief and only relative lull, the situation in Bosnia has again heated up to extremes, bringing NATO and the Serbs to the brink of a military clash.

The main reason for the deterioration in the situation was the Serbs' offensive — which began at the end of last week — against the Muslim enclave of Srebrenica in the east of the republic, which was declared a "safe zone" by the United Nations and is under the protection of 400 Dutch peacekeepers. [passage omitted]

Judging by resolute statements by UN officials and Western representatives, the threat of a direct military clash between the Serbs and NATO is becoming very real.

Events around Srebrenica have caused serious concern in Moscow. The Foreign Ministry is preparing a special statement, but as this issue of the newspaper went to press the text had yet to be finally confirmed. However, a high-ranking diplomat who wished to remain anonymous told IZVESTIYA about the document's content.

Russia draws to the attention of the international community the fact that the Serbs' actions were provoked by the Muslims, who last week attacked a Serbian village from the enclave. Nonetheless Moscow calls on the Serbs to stop the offensive against the "safe zone" and condemns Mladic's demand for the evacuation of the population of Srebrenica and the "Blue Helmets." Russia remains opposed to the use of NATO air forces in Bosnia.

Russia Could Block Liberation of Srebrenica

MM1207153695 Moscow IZVESTIYA in Russian 13 Jul 95 p 3

[Article by Maksim Yusin: "Blue Helmets and UN Resolutions Unable To Halt Serbs"]

[FBIS Translated Text] The victorious Serb attack on the Muslim enclave of Srebrenica, which has been captured despite the resistance of Dutch "blue helmets" and NATO air strikes, has plunged the world community into confusion again, for the umpteenth time in the course of the Bosnia carnage.

By the middle of 12 July the Russian Foreign Ministry was to have prepared a special statement, but by the time this edition of IZVESTIYA had been signed to press the text had still not been approved by the minister. People on Smolensk Square are not yet prepared to say whether Moscow will produce its own peace initiative.

Recent events in Bosnia have demonstrated the complete impotence of the United Nations. Srebrenica was the first city to be declared a "safe area" and the first to fall into Serb hands. The "blue helmets" proved unable to either halt the offensive by Radovan Karadzic's troops or to protect the 40,000-plus civilians.

The Security Council has met in emergency session in New York. The dialogue between the "great powers" promises to be unprecedentedly difficult. France is in the most determined mood, demanding that the rapid reaction force be used to drive the Serbs out of Srebrenica. But Russia will almost certainly block a resolution giving the go-ahead to a NATO operation to liberate Srebrenica. The furthest Moscow might go is to condemn the Serbs' seizure of the "safe area," demanding the withdrawal of their troops to their original positions. Here Russian diplomats will try to get the document to include a point to the effect that a considerable proportion of the responsibility lies with the Muslims, who first attacked the Serbs last week.

The problem, however, is that no matter how many resolutions the Security Council may adopt, it will have absolutely no effect on the situation around Srebrenica. In the history of the Bosnia war there has never yet been an instance when any of the warring sides has agreed to give up captured territory. So the most likely thing is that Srebrenica has been lost to the Muslims and the Serbs, convinced they will get away with it, could calmly prepare an attack on other enclaves in eastern Bosnia, first Jepu and then probably Gorazde.

By all appearances the Serbs need not fear repeat air strikes. By threatening to kill the captured Dutch peacekeepers in the event of new bombardments, Karadzic can be assumed to have paralyzed NATO military activity for a long time to come. In the process, admittedly, the Bosnian Serb leader has finally discredited himself in the eyes of the world community, and it is difficulty to imagine what serious politician would now agree to conduct a dialogue with a man who has thrown down a blatant challenge to civilized norms of behavior.

Patriarch Details Balkan Peacemaking Efforts

MM1307111095 Moscow SOVETSKAYA ROSSIYA in Russian 13 Jul 95 p 1

[Interview with Aleksiy II, patriarch of Moscow and All Russia, by Yuriy Burov, date and place not given: "A Word in Defense of Our Brothers"]

[FBIS Translated Excerpt] [passage omitted] [Burov] Your Holiness! Quite recently you visited Yugoslavia. When there you met with our Orthodox brothers and sisters who are suffering now. What was their response to this and what hopes do they have?

[Aleksiy II] I shall never forget my meetings on the land of the former Yugoslavia, Serbia, Montenegro, Kosovo, and Bosnia-Herzegovina. Tens of thousands of people took to the streets everywhere chanting "Russia! Russia! Russia!" We, the representatives of a great country which has always supported its Serb coreligionists and Slav brethren, were received with a warmth which was demonstrated at an unprecedentedly ceremonial and cordial meeting, and we were aware of this throughout our stay.

Even before our visit we undertook peacemaking efforts and proposed to the Muslim leader and the Catholic cardinal that there be a meeting of religious figures. I am referring to Patriarch Pavle, Cardinal Kuharcek, the Croatian spiritual leader, and the [unidentified] spiritual leader of the Bosnian Muslims. There were various obstacles to this meeting.... We had to make a long journey to Sarajevo. By helicopter and then by APC.... Unfortunately, the Islamic leader did not attend the meeting. Although I have often met with Islamic spiritual leaders in Azerbaijan, Kazakhstan, and other lands. And we always found a common language.

But we did hold a trilateral meeting — Patriarch Pavle, Cardinal Kuharcek, the spiritual leader of the Catholics in Croatia, and I. We signed the Sarajevo Declaration (as we called it) in which we appealed to all political and state figures to realize their responsibility before God and history and recognize the need to do everything possible to end the bloodshed. We also called on believers of all faiths to increase their prayers so that peace might reign on this long-suffering land and the disastrous confrontation cease.

At the latest meeting of the Holy Synod recently we adopted a major appeal connected with the development of the tragic events on the long-suffering Yugoslav land. We are continuing our peacemaking appeals, doing everything to support our Orthodox brothers and sisters in their suffering, and ceaselessly putting proposals to all sides to halt the development of the armed conflict. [passage omitted]

Government Begins Consultations With IMF

LD1207192495 Moscow INTERFAX in English 1518 GMT 12 Jul 95

[FBIS Transcribed Text] MOSCOW, July 12 (FIA-INTERFAX) — International Monetary Fund experts and Russian government representatives started a regular round of working consultations in Moscow today.

A representative of the IMF Moscow mission told INTERFAX's Financial Information Agency that the meeting is being held according to a coordinated plan and aims to monitor the fulfillment of the Russian government and the Central Bank obligations in credit-monetary and budget policy.

After meetings with experts of the Russian Ministry of Finance, the Central Bank and the State Committee for Statistics, the IMF delegation will submit its conclusion to Prime Minister Viktor Chernomyrdin and the IMF Board of Directors. The conclusion will be used in taking a decision on a regular tranche of the IMF stand-by credit (about $500 million).

In the opinion of head of the Ministry of Finance's Macro-Economic Policy Department Oleg Vyugin, the negotiations will bring no surprises. "Scheduled indices of the financial policy are being fulfilled rather strictly, which enables us to forecast a positive conclusion of the experts and count on a regular credit tranche," said Vyugin.

A decision to issue a $6.25 billion stand-by credit to Russia was taken by the IMF Board of Directors in mid-April to provide for the allocation of money in equal shares in 1995 and the first quarter of 1996. Under the credit terms Russia will pay the stand-by credit within five years with a three- year debtor's delay.

U.S. Seen Crowding Russia Out of Vietnamese Markets

MK1307120695 Moscow KOMMERSANT-DAILY in Russian 21 Jun 95 pp 1, 4

[Report by Natalya Kalashnikova under "The United States Establishes Diplomatic Relations with Vietnam" rubric: "Bill Clinton Has Not Fought Vietnam and Is Not Going To"]

[FBIS Translated Excerpt] [passage omitted] In August Hanoi will be visited by a representative U.S. delegation led by Warren Christopher — with the view to dotting all diplomatic "i's." What does this mean for America? From the geopolitical point of view, Vietnam's inclusion among the United States's diplomatic partners is no more than just another small coin into the piggy bank of foreign-policy victories in Southeast Asia: Even now the region is firmly "in the grip" ["skhvachen"] of Washington, with far stronger Asian "tigers" and "dragons" showing themselves as the United States' stable political partners. An effective demarche aimed at the American man in the street? No doubt! And it is not only that Clinton has been cleared of the blame for evading military service in Vietnam, although today all U.S. mass media, which earlier never lost a chance to reproach him for this, compete in proudly recalling antiwar statements by Clinton, then a student at Oxford. The effect is purely psychological: Great America does nothing without a purpose: It will punish violators of democracy but it will also grant a pardon. That this goodwill gesture has been made by Clinton will only earn him more points. The Republicans are grumbling, of course: Vietnam has always been a hardline, undemocratic state, and still is. But this grumbling is now rather low-key. The reason — something Clinton tactfully left out of his Vietnam statement — is economic expediency.

While mentioning his lifting of the trade embargo against Hanoi, the president did not recall the fact that literally the day after his February (1994) statement American Express, Citibank, and the Bank of America secured a firm foothold in Vietnam's financial market; or that General Electric, Caterpillar, Philip Morris, IBM, Mobil Oil, and other U.S. business giants, with enviable alacrity, rushed into the wild Southeastern economic jungle. Neither did Clinton speak about expert surveys by the Vietnamese themselves, who believe that by the turn of the century their market will be ready to digest up to $35 billion worth of investments, and that proven oil deposits will allow them to raise their output to 20 million tonnes a year. The only thing is that the Vietnamese have no oil processing industry of their own, and they are ready to consider any proposals from foreign firms. He also did not say that over a little less than one and an half years U.S. companies have managed to establish close links with Vietnam's oil and gas sector — in stark contrast to the Russians, incidentally (only Vietsovpetro is now seriously working this field). The president refrained from forecasts, too. Meanwhile the prospects, it needs to be said, are quite radiant: The Vietnamese climate will be hardly disagreeable to U.S. investors. As a rule, they do not seek momentary gains but invest money in earnest, and for a long time — in infrastructure, education, and public health. The assessment of prospects is not without interest to Russia. In its time Moscow boosted the local coal and power industry and generally considered Vietnam as maybe the most capacious technical services market, but now has to make do with a trade turnover of $1 billion (not counting illegal shuttle traders carrying everything to Russia, including gold bullion), complaining about its unpaid debt (not less than $10 billion, according to various estimates) while Vietnam is today regarded as quite a solvent country. There are no doubts as to where the enterprising Vietnamese will turn their eyes. Their penchant for the dollar — both among Vietnamese officialdom and rank-and-file citizens — has been noted even by the local censored press; until recently as a negative phenomenon. But until recently this was forbidden. Now a new era has begun.

U.S. Delegation Proposes Chernobyl Aid Projects

MM1307092495 Moscow IZVESTIYA (Financial Section) in Russian 13 Jul 95 p i

[POSTFACTUM report: "America Offers Help To Eliminate Consequences of Chernobyl Disaster"]

[FBIS Translated Text] A delegation from the U.S. Department of Energy has proposed three projects to eliminate the consequences of the nuclear disaster at the Chernobyl AES [nuclear electric power station]. The projects envisage the creation of a video communications link to U.S. laboratories, the elaboration of a strategic plan for dealing with spent nuclear fuel, and the development of the fundamental data base required for project and design calculations relating to the safety of nuclear installations. The U.S. Government also intends to allocate $3 million to set up an international center to eliminate the consequences of the Chernobyl disaster. The Italian Government has also stated its intention to reassign to this new center the $3 million already allocated to disarmament programs in Ukraine.

Deputy CGS on NATO Expansion Implications

MM1207134295 Moscow KRASNAYA ZVEZDA in Russian 12 Jul 95 p 3

[Interview with Colonel General Dmitriy Kharchenko, deputy chief of the Russian Federation Armed Forces General Staff, by Vladimir Kuzar and Manki Ponomarev, date and place not given: "We Cannot Allow Other People To Resolve Their Security Problems at Russia's Expense"]

[FBIS Translated Text] [KRASNAYA ZVEZDA] Dmitriy Konstantinovich, it is quite a long time since the Berlin Wall fell, the Warsaw Pact disbanded itself, and the ideological and military confrontation between the two systems disappeared. How has this influenced European security? How do you assess the military and political situation on the continent today?

[Kharchenko] I would say that the situation that is developing in Europe is contradictory. On the one hand there has been a breakthrough toward a new quality of European security. Our continent, like the others, no longer faces the threat of nuclear apocalypse and a new world war. The disarmament process is underway and the arsenals of nuclear and other weapons of mass destruction and conventional armaments are being destroyed. Conditions are developing for a life free of political, ideological, and military confrontation on the basis of peaceful cooperation. The peoples as a whole have begun to breathe more easily, contacts are broadening, and trust among them is growing.

On the other hand, this process is moving more slowly than we would have liked. Old threats are giving way to new ones. Above all I have regional conflicts in mind here. It has to be stated that we were unprepared for them. As a rule, our insufficiently prompt reaction enables conflicts to develop into military actions. What is the reason for this?

Primarily this is because the OSCE is not effective enough. This is understandable. This system of collective security in Europe was created when conditions were different. Now it needs definite reform in the light of the new realities. That is what Russia and a number of other countries are proposing. However, that is being opposed by the West, which, while paying lip service to the OSCE's important role in safeguarding European security, is in fact seeking to supplant this organization and transfer its functions to NATO. However, the only means that NATO has for doing that is force. As the events in Bosnia-Herzegovina are showing, by the way. The "double standard" in the assessment of the sides' actions, the "position of strength" policy, and the predominance of individual NATO countries' national interests over general European interests are merely aggravating the situation there and pushing the region and indeed the whole continent toward an even greater disaster.

The path that the Atlanticists intend taking in the very near future will also lead in that direction.

[KRASNAYA ZVEZDA] Do you mean the planned eastward expansion of NATO?

[Kharchenko] Precisely. Evidence of that is provided by NATO's desire to admit a number of Central and East European countries into its organization. It has to be acknowledged, regrettably, that what this indicates above all is the North Atlantic alliance's unwillingness to transform itself and renounce the stereotypes of the past which continue to dominate it. The Warsaw Pact no longer exists, but there have been no significant changes in NATO's military planning. As in previous years the bloc's leadership works on the basis of the tenets of confrontation and is in no hurry to bother itself with innovative solutions corresponding to the real situation and the spirit of the times.

[KRASNAYA ZVEZDA] Dmitriy Konstantinovich, we constantly use the terms NATO, the North Atlantic alliance, and the NATO leadership. Sometimes we seem to lose sight of the fact that there are individual countries behind these concepts. For example Denmark, Germany, France, the United States, and other NATO countries. Each of them has its own interests and they do not always coincide.

[Kharchenko] You are right. The example of NATO's eastward expansion shows particularly clearly the differences in those interests. What will Denmark and the other small alliance countries, for instance, get from this? Nothing. Furthermore, they will have to increase their contribution to NATO because considerable resources will be needed to create a NATO infrastructure in the bloc's new countries. It is a different matter for the United States, the FRG, and the other influential members of the alliance. They are counting on reaping definite political dividends by extending their patronage to the new NATO countries. Although there are contradictions among them. Admittedly, NATO experience shows that all contradictions and national interests can be put aside when there is a common goal at stake. But that was when the USSR and the Warsaw Pact existed. That goal is less obvious today.

[KRASNAYA ZVEZDA] What about Russia? After all, no matter what NATO people may say, they are not maintaining such a powerful military machine for the sake of Serbia or Iraq, where they have already demonstrated their strength. And how do the East European countries justify their desire to join NATO? Who is threatening them? Russia once more?

[Kharchenko] NATO no longer views the question in such forthright terms. Although, of course, it is examining the various possible developments of the situation in Russia. Here, as I have already stressed, it has to be said that what we are seeing is probably the existence of certain stereotypes of the past in NATO's thinking. For our part we are doing everything possible to allay all suspicions and strengthen confidence between us. Russia's leadership have declared our country's readiness for a union [soyuz] with NATO a number of times both on a bilateral and a multilateral basis. We are reinforcing our intentions by participation in the North Atlantic Cooperation Council and by the recent involvement in the implementation of specific measures in NATO's "Partnership for Peace" program.

As for the East European countries, in my view they do not fully realize what they are getting themselves into by joining NATO. They will have to form their military policy and develop their armed forces along NATO lines and establish a bloc infrastructure on their own territory. They will have to be prepared, finally, for the stationing [razmeshcheniye] of NATO troops on their territory. All this will have to be paid for and it will cost big bucks, furthermore. Meanwhile, the dividends that they are hoping to reap from participation in NATO and other West European organizations are extremely illusory.

At the same time if they really are concerned about their security they can find a solution to the situation without joining NATO. Various options have already been put forward in this regard. For example, Russia, on the one hand, and NATO, on the other, could act as guarantors of their security and conclude the relevant agreements for that purpose. There are other approaches too. A solution can be found if the will exists.

[KRASNAYA ZVEZDA] You just mentioned Russia's recent implementation of the program of partnership with NATO. It has been reported that prior to this event there was a session of the Russian Federation Security Council which discussed the question of relations with NATO. And as far as can be judged from unverified sources, as they say, the Defense Ministry's position as expressed at the session was not the same as the Foreign Ministry's.

[Kharchenko] That is not entirely right. Army General Pavel Grachev, the defense minister, who is responsible for the country's defense capability, is obliged to analyze the situation on a worst-case basis. That determined the tone of his speech at the Security Council. After discussing all the "pros" and "cons," however, the Security Council members supported Russia's participation in the "Partnership for Peace" program.

Why? It is necessary to show NATO once more that we are ready for honest cooperation, including in the military sphere, and thereby remove all suspicions. In addition, we are hoping that via "Partnership for Peace" we will be able to influence certain NATO decisions and incline the alliance toward creating an effective European security system in the light of the new realities. In our view it should be based on the OSCE. That is the only organization today which is capable of coordinating the activity of the existing European security structures, including the transformed NATO, as a forum which unites the interests and efforts of the vast majority of European countries.

It should also be stressed that Russia's implementation of the program of partnership with NATO does not mean that we agree to NATO's expansion. These are separate matters. Even though we refused to adopt the partnership documents in December last year precisely because of the NATO decision on the bloc's expansion.

[KRASNAYA ZVEZDA] Nevertheless, the preparation to admit new members is in full swing within NATO. As is well known, this year has been set aside for the elaboration of the criteria and terms on which they can be admitted. Next year, by all accounts, this process will be given the go-ahead. What will happen then? How will Russia respond?

[Kharchenko] I would like to hope that reason will prevail. We still have time to discuss the possible consequences of such a step and find a compromise solution. The Russian president is going to take part in the events marking the 50th anniversary of the United Nations and from the world's forum will try to make the public at large aware of the full danger of the expansion of NATO. Various Russia-NATO contacts in other spheres are also in prospect. Everything will be aimed toward finding a solution which suits all sides.

But if NATO does advance toward the east Russia will have to adopt the corresponding measures. We cannot allow others to resolve their security problems at the expense of Russia's security. Only time will tell what those measures will be. Some have already been mentioned. In particular we will have to review the structure of the Russian Armed Forces' organization and development and probably suspend the implementation of certain disarmament treaties. First and foremost the CFE Treaty which is in force even though it does not entirely suit Russia today (but that is another matter entirely). And the reductions which our country has pledged to carry out by November 1995 according to that document will go ahead. Russia's participation in "Partnership for Peace" will also be impossible.

Response measures of course will require considerable capital investments. This is bound to influence the fate of the reforms in Russia.

But that is not the important thing. NATO's expansion will not help to heal the former division of Europe but on the contrary will serve to deepen it and revive things which have already caused us so much harm in the past — confrontation, military opposition, the arms race, and so forth. The only difference being that this time the confrontation will be more dangerous because Russia could find itself alone facing a mighty front. One can only guess at how this might end.

No. I repeat — no. This cannot be allowed. The peoples cannot be forced to live in constant fear for their future. Especially not after the security that they felt at the end of the eighties and start of the nineties.

Deputy Premier Davydov Ends Visit to ROK

LD1207133595 Moscow ITAR-TASS in English 1258 GMT 12 Jul 95

[By Nikolay Geronin]

[FBIS Transcribed Text] SEOUL, July 12 (ITAR-TASS) — A Russian delegation headed by deputy Prime Minister Oleg Davydov ended up its three-day visit to the Korean Republic on Wednesday.

During a reception by President Kim Yong-sam, Davydov delivered him a personal message from President Yeltsin.

Davydov had talks with his Korean counterpart Hong Chae-hyong on trade and economic relations between the two countries.

In addition, the two sides signed intergovernmental agreements on settling part of Russian Vneshekonombank's debts, and a range of interbank accords.

The Soviet debt to The Korean Republic, assumed by Russia, totals dlrs 1.5 billion. The sum of dlrs 439 million, to be settled by agreement, will be cleared by deliveries of Russian machines and technical production to the Korean Republic.

Russia and Korea have been maintaining successful relations since the Moscow meeting of Russian President Boris Yeltsin and Korean President Kim Young-sam in June, 1994. As a result, the trade turnover has plummeted 30 percent.

The first meeting of the intergovernmental commission for trade, economic and scientific cooperation is expected in December, 1995.

Soskovets Meets South African Defense Minister

LD1207134095 Moscow ITAR-TASS in English
1301 GMT 12 Jul 95

[By Sergey Ostanin and Irina Shchegoleva]

[FBIS Transcribed Text] SOCHI, July 12 (ITAR-TASS) — South African defence minister Joe Modise met Russian first deputy prime minister Oleg Soskovets on Wednesday to negotiate prospects for the countries' military cooperation. The sides met in Black Sea resort Sochi where Soskovets was on leave.

Modise came to Russia to sign a military cooperation treaty between the Russian and South African defence ministries. The treaty which is to be signed in Moscow on Friday provides for exchanges of military delegations, calls of warships, and training of South African students in Russia's military colleges.

The South African military seem to be especially interested in Russian aircraft. Before departing for Sochi, Modise visited airbase Kubinka near Moscow. According to a South African delegation member, there are plans to deliver MiG airplane engines to South Africa to equip Mirage fighters widely used by local Air Force.

Yeltsin Contacts Kuchma on Black Sea Fleet

LD1207134595 Moscow INTERFAX in English
1239 GMT 12 Jul 95

[FBIS Transcribed Text] MOSCOW, July 12 (INTERFAX) — On Wednesday Russian President Boris Yeltsin, who is currently undergoing treatment in the Central Clinical Hospital, sent a letter to Ukrainian President Leonid Kuchma on the Black Sea fleet problem.

In his letter Yeltsin reminded Kuchma that at the recent meeting in Sochi, Russian and Ukrainian leaders reached an agreement on the need to implement the agreement on the Black Sea Fleet as quickly as possible, presidential press secretary Sergey Medvedev reported to INTERFAX.

He said that in the letter to Kuchma Yeltsin sent a draft of agreement on the division of the Black Sea Fleet and on the status of the Black Sea Fleet of the Russian Federation on Ukraine's territory.

Yeltsin expressed the hope that Kuchma "will attentively consider Russia's proposals."

Admiral: Forces 'Trying To Renege' on BSF Accord

LD1207210695 Moscow INTERFAX in English
1733 GMT 12 Jul 95

[FBIS Transcribed Text] MOSCOW, July 12 (INTERFAX) — First Deputy Commander-in-Chief of the Russian Navy, Admiral Igor Kasatonov has accused "certain forces" in Kiev of trying to renege on the latest agreement on the Black Sea Fleet [BSF] between Russia and Ukraine.

He said when answering a question from an INTERFAX correspondent at a press conference in Moscow today that with this aim Ukrainian experts were frustrating efforts and inventing new terminology.

"Instead of the fleet's main base they introduce the term basic base. They've also invented the terms 'unique facilities, the strategic and non-strategic parts of the fleet,'" Kasatonov said.

He said that the Russian and Ukrainian presidents had won an overwhelming victory "over these experts" by signing the agreement on the Black Sea Fleet in Sochi on June 9.

Kasatonov said the agreement must be followed by another phase in the experts' talks.

He voiced the hope that the two countries' state delegations would tune the president-agreed treaty with separate agreements.

Russian and Ukrainian presidents, Boris Yeltsin and Leonid Kuchma, signed in Sochi on June 5 an agreement on the separate basing of their countries' fleets. The base of Russia's Black Sea Fleet and its main headquarters is to be stationed in Sevastopol. The fleet's property is to be divided 50/50. However, when taking into account that Ukraine will transfer to Russia a part of its share in the Black Sea Fleet, it will in fact be divided with Russia receiving 81.7% of the fleet and Ukraine — 18.3%.

Army Paper Views 1st Year of Kuchma's Presidency

MM1207160195 Moscow KRASNAYA ZVEZDA in Russian 12 Jul 95 p 3

[Report by Grigoriy Nesmyanovich: "A Year of Kuchma's Presidency: A Year of Victories Against a Backdrop of Failures?"]

[FBIS Translated Text] Kiev — If you briefly analyze President Kuchma's activity, then to his credit must be accorded the implementation of many of his election promises.

This concerns both the sphere of foreign policy, where priority has been given from the very outset to adjusting Russian-Ukrainian relations, and domestic policy, where the main issues have been separating and clearly fixing the functions of the two branches of power, strengthening its vertical executive axis, and achieving a "truce" with parliament in the period of crisis. It also concerns the most important sphere — the economy. And, not without significant help from Prime Minister Yevgeniy Marchuk, through tough and highly unpopular measures, he has nevertheless proved able to do a great deal. The rate of inflation has slowed, the exchange rate of the karbovanets against hard currencies and the ruble has stabilized, a growth in production has been observed, and, most important, the ship of the economy has started turning its bow, albeit slowly and sometimes awkwardly, toward the market. And then his latest decisive step, which led to the defusing of the most difficult problem in Russian-Ukrainian relations — the agreement on the Black Sea Fleet and Sevastopol — testifies to President Kuchma's resoluteness in carrying out his election promises.

Admittedly, his silence on the issue of giving the Russian language official status looks a bit feeble against this backdrop. And this campaign maneuver did without a doubt bring him a huge number of votes. But the main thing is this: Everything that Leonid Kuchma and his team are listing as their assets, their opponents are putting down as liabilities. They do not want to hear about any growth in production. The rate of inflation has fallen, the karbovanets has been strengthened? By what means? By means of the disastrous fall in the living standard of the majority of the population, and the fact that internal and external debts are growing. Whereas the opposition has at least accepted the Black Sea Fleet agreement (hoping by and large that it will never be carried out), the majority of parliamentarians consider the president's Crimean policy to be altogether indeterminate. Just like his cadre policy, which strongly resembles the reshuffles and musical chairs that have long been known to everyone.

But the West is praising President Kuchma. However, Leonid Kravchuk basked in glory there too. The West wants to see Ukraine a strong, independent state, but, even having received everything it wanted from it, including the promise to close down the Chernobyl nuclear electric power station, it is in no hurry to issue the long-promised major credits. Evidently it understands that the stabilization of the karbovanets and the stabilization of the general situation in the country are by no means one and the same thing.

Caucasus Border Guards' Successes, Problems Aired

MM1207134495 Moscow KRASNAYA ZVEZDA in Russian 12 Jul 95 p 2

[Report by Vitaliy Denisov: "Border Guards Are Protecting the Borders Reliably. But They Need Protection Themselves"]

[FBIS Translated Text] Tbilisi — Over 600 detained border violators, 15 firearms, 133,000 rounds of ammunition, and 6.5 kg of narcotics confiscated from them, and contraband seized to the tune of around 30 billion rubles [R] — these are the results of the official combat activity of the Caucasus special border district in the first half of this year, which were discussed at a sitting of the district armed forces held in Batumi. Representatives of the Georgian government, Russian Federation kray and oblast administrations, and North Caucasus republics took part in its work. The main subject at the sitting was the social problems of the border guards servicemen who protect both Russia's borders and the external borders of the CIS.

Agreement With Belarus on Currency, Exports

LD1207191295 Moscow INTERFAX in English 1815 GMT 12 Jul 95

[FBIS Transcribed Text] MOSCOW, July 12 (INTERFAX) — Russia and Belarus signed on July 12 in Moscow an agreement on cooperation and mutual aid in the sphere of currency and export regulation.

According to the information provided to INTERFAX Wednesday by Russian Federal Currency and Export

Regulation Service, the agreement is one of the important steps towards creating a legal base for the Service's cooperation with its foreign colleagues. This is to contribute to joining efforts in detecting and preventing criminal activities in the economic sphere.

The agreement is to strengthen ties between Russia and Belarus and to boost economic cooperation.

At the same time, the agreement will not hinder the free movement of capital, which is essential for the development of the two countries' markets, stresses the Federal Service.

Agreement With Almaty on Transfer of Arms

MM1307104595 Moscow IZVESTIYA (Financial Section) in Russian 13 Jul 95 p i

[EKO-TASS report: "Russia and Kazakhstan Exchange Arms"]

[FBIS Translated Text] At a recent meeting the Russian and Kazakhstani Governments initialed an agreement on compensation for the hardware and armaments withdrawn to Russian territory from Kazakhstan. The Kazakhstani first vice premier stated that the agreement defines measures which could strengthen the defense capability of both states. Kazakhstan is transferring to Russia military hardware which could be better utilized by the Russian Armed Forces. Russia is sending to Kazakhstan a number of types of arms which would be more effectively used under Kazakhstani conditions. A number of positions relating to excise duty and questions of import-export duty were also agreed at the meeting. The deadline for the implementation of phase one of the customs union between Russia and Kazakhstan is 20 July.

Political Issues

Public 'Nervous' Over Yeltsin's Hospitalization

MK1307091095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 13 Jul 95 p 1

[Report by Aleksandr Minkin: "A Coup Is in the Air"]

[FBIS Translated Text] President Yeltsin has been taken to the hospital with a heart attack. The heart attack was immediately dealt with. Everything is okay.

According to official reports.

But there is uncertainty in the country and distrust of official reports. People are nervous. Out of fear, they ask questions. The fear goes away, but questions remain.

If the heart attack was immediately dealt with — why was it that not even one journalist saw the president after the attack? Say, in the hospital garden? At least for the sake of the nation's calm.

If the attack is over — then why hospitalize him at all? Couldn't presidential doctors ensure the requisite care and treatment at home (even if intravenous)? If it were hemodialysis — and not the heart, but kidneys — then that would have been something else.

If everything is okay — why on Earth tell about the hospital? Why the hoopla and guesses by the world press? Yeltsin used to disappear for two or three days on many occasions before and everybody kept mum.

The fact that there are not tanks on the streets does not mean that there is no coup.

In Khrushchev's case, a coup succeeded without tanks. And one fell through — in Gorbachev's case — without them. It turned out that tanks stir up public opinion. What's the use of them if easy does it?

The replacement of the power ministers prompts high-ranking (and insulted) power chiefs to contemplate a replacement they think to be more justified. A change of the chiefs of special services is a serious destabilizing factor. Some people see the dismissal of Barannikov in the summer of 1993 as a more serious reason for well-known events that the president's conflict with Khasbulatov.

The only benefit the special services loyal to the president (and disloyal ones too, for that matter) have certainly reaped is information they collected over the past day.

So important an event as a sudden hospitalization of the president should have given a sharp impetus to telephone conversations between all interested persons and agencies. In such cases, being in a hurry, people tend to say things they would never have said in a quieter situation. Starting yesterday, those in the know should know much more about what those on high think.

Zhirinovskiy, Gaydar on Impeachment Proceedings

LD1207231395 Moscow Russian Television Network in Russian 1600 GMT 12 Jul 95

[From the "Vesti" newscast]

[FBIS Translated Excerpt] The procedure of impeachment of the Russian president has almost been frozen. Only 168 deputies voted for the draft decision on the setting up a special commission, in connection with the deputies' proposal that accusations should be brought against the president; 226 votes were needed for the commission to be set up.

[Begin recording] [Correspondent Kuznetsova] With President Boris Yeltsin in hospital, 50 deputies from the Liberal Democratic Party of Russia [LDPR] faction withdrew their signatures from the demand that the president should be removed from his post, wishing that the head of state recover as soon as possible.

[V. Zhirinovskiy, identified by caption] We still do not understand what illness the president has. Perhaps there are certain forces that want his fastest possible removal, that is, impeachment. It is a lengthy procedure. Perhaps they want to achieve it while the president is ill, but we will not help them do it.

[Kuznetsova] On the other hand, the communists are not willing to give in to those who drag out the impeachment procedure. In the view of Vladimir Semago, the position of those deputies who try to remain silent on that issue is simply immoral. Moreover, most of the deputies did not find the results of the voting strange. In the opinion of Vasiliy Lipitskiy [co-chairman of the Social Democratic Union of Russia], they only testify to a certain group of people who are striving to draw attention to themselves.

[Lipitskiy, identified by caption] Few people counted on ultimate success. The procedure itself is so complicated, lengthy, confused that it can barely completed in principle. I think this was also a cooling factor.

[Gaydar, Russia's Choice faction, identified by caption] We understand perfectly well that there will not be any impeachment, but the Communists and Agrarians want to draw attention to themselves and their hardline opposition stance. [end recording] [passage omitted]

Daily Views Backdown on Impeachment Move

MM1307092195 Moscow IZVESTIYA in Russian 13 Jul 95 p 1

[Report by Valeriy Vyzhutovich: "Duma Breaks Off Impeachment Procedure. President Feeling Well"]

[FBIS Translated Text] The State Duma draft decree on the creation of a special commission to dismiss the Russian president was not adopted by the lower house of parliament 12 July. It won only 168 of the 226 votes required for it to pass.

Thus, the impeachment procedure initiated by the Communist faction has been broken off indefinitely.

The outcome of the vote was influenced by the position of the Liberal Democratic Party of Russia [LDPR] faction, which removed its signatures calling for impeachment "in connection with the fact that Russian President Boris Yeltsin is in the hospital and his state of health is deteriorating" (this last point is inaccurate, according to official information). Omar Begov, a Communist faction deputy, took the same action, but, unlike the Zhirinovskiy supporters, he provided no motive for his decision.

But the proposal from "Russia's Choice" Deputy Vladimir Gritsan — to remove the impeachment issue from the agenda altogether — also failed.

Boris Yeltsin, watching this spectacle from his hospital bed, is unlikely to see the gestures by Zhirinovskiy supporters and a single Communist as a reflection of sincere sympathy for him over the worsening of his heart condition.

The Kremlin has already hinted that it assesses the behavior of the Communist Party of the Russian Federation and LDPR factions as a "purely political electoral game." A game in which what is important for the initiators is not to win (the procedure for dismissing the president virtually nullifies any such attempts) but to scandalously take part, scoring points in the coming electoral race.

Constitutional Court Hearings on Chechnya Continue

Witnesses Differ on Legality of Force

LD1207141195 Moscow ITAR-TASS in English 1157 GMT 12 Jul 95

[By Igor Belskiy]

[FBIS Transcribed Text] MOSCOW, July 12 (ITAR-TASS) — Experts invited to the Constitutional court which probes the legality of the use of force in Chechnya differed on whether the incursion was legal or not.

Deputy head of the Interior ministry academy Anatoliy Maydykov told the court Wednesday the use of force was legal, while experts Albert Igolkin said the incursion contradicted acting legislation.

Although Maydykov admitted that there were grounds for imposing a state of emergency on Chechnya before sending troops there, he stressed at the same time that it was impossible to introduce the state of emergency as there were no legal bodies of authority in Chechnya at the time.

"Their existence is one of the conditions for imposing a state of emergency", he said adding that the presence of well-armed units of separatist leader Dzhokhar Dudayev "made the establishment of the (emergency) regime problematic".

Pigolkin, on the contrary, said the documents ordering the army into Chechnya contradicted acting legislation.

He said troops could have been engaged only after a state of emergency had been introduced.

The imposition of a state of emergency is in the powers of the upper house of the Russian parliament. However, it did not even consider imposing the state of emergency on Chechnya.

Shakhray Testimony Cited

MM1207155295 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 12 Jul 95 p 1

[Excerpts from speech by Vice Premier Sergey Shakhray, representative of the Russian Federation president and Government: "Vice Premier Sergey Shakhray: The President Ensured Russia's Security"]

[FBIS Translated Text] **The seizure of power on part of the Federation's territory was the start of the Chechen tragedy. November 1990 saw the holding of the First Congress of the Chechen People, subsequently renamed the National Congress of the Chechen People (NCCP), which proclaimed itself the "supreme forum of people's power of the Chechen Republic."**

From the very outset the NCCP's activity was aimed at detaching Chechen land — Nokhchi Cho, as they called it. From the summer of 1991 on the NCCP embarked on practical actions designed to seize power.

On 27 October 1991 the NCCP Executive Committee organized so-called "elections." They were held on arbitrarily defined territory which constituted only part of the Chechen-Ingush Republic. The population of six of the 14 rayons of Checheno-Ingushetia, which did not for the most part share the NCCP's aims, was simply excluded from the elections. Such elections could not, naturally, be deemed lawful in the Russian Federation.

People's power in Chechnya was completely eliminated by the Dudayev regime. And it was eliminated by armed force. Throughout the years of the Dudayev regime's existence the actual fact of the Chechen Republic's being part of Russia was denied.

Immediately after the stage-managed presidential and parliamentary elections the Dudayev regime set about consistently destroying institutions of federal state power on the territory of Chechnya. The Dudayev regime's three-year-long policy led to large-scale destruction of the actual systems of social protection enjoyed by Russian citizens living on the territory of Chechnya.

Our conclusion on the legitimacy of the Russian Federation president's use of armed force to restore constitutional legitimacy and law and order on the territory of the Chechen Republic is based not only on analysis of the norms of the Constitution in the light of the provision on their direct application. **We maintain that the use of the Russian Federation's Armed Forces on the territory of the Chechen Republic was not at variance with Russian Federation legislation.** Under Article 1 of the Law "On Security," security means a state whereby the vital interests of individuals, society, and the state are protected against external and internal threats. Article 3 of the Law "On Security" stipulates that a threat — real or potential — to security installations stemming from internal and external sources determines the content of activity to ensure internal and external security. Therefore Article 11 of this law obliges the Russian Federation president to make prompt decisions to ensure security. **I want specially to draw our opponents' attention to the fact that, based on the Constitution and the law, the Russian Federation president is obliged to make a prompt decision to ensure the Russian Federation's security by using all forces concerned with security, including the country's Armed Forces.**

Further on 'Chechen Case'

MM1307102695 Moscow IZVESTIYA in Russian 13 Jul 95 p 2

[Report by Valeriy Rudnev: "The 'Chechen Case' Is Being Heard: The Authors of the Chechen Republic Have Not Yet Been Found"]

[FBIS Translated Text] The parliamentary side in the court trial to verify the constitutionality of the president's edicts and the government decree has received reinforcements: Doctor of Juridical Sciences Yelena Mizulina, deputy chairman of the Federation Council's Constitutional Legislation Committee, has returned from Canada, and State Duma Deputy Anatoliy Lukyanov, also a doctor of juridical sciences, has returned from Smolensk.

They are both competent jurists and excellent speakers, tempered in parliamentary sessions. Their appearance in the Constitutional Court will undoubtedly strengthen the aggressive spirit of opponents of the president and the government.

For the time being, however, the presidential-governmental team clearly has the advantage in the art of conducting a court debate. First, it has been well picked, and the roles in it have been distributed in a clear-cut manner. Official spokesmen are to come—Sergey Shakhray (with a block of sociopolitical questions), Yuriy Baturin (questions of the strong-arm solution), and Oleg Kutafin (juridical support for the defense). All three are graduate jurists well versed in the methods of public debate. They also have great mental composure. At least, they have not responded with like harshness to a single harsh attack by Federation Council representative Issa Kostoyev.

Behind the presidential team's front line lies a second line of defense which could at any moment come to the fore: Valeriy Savitskiy, the Russian Federation president's plenipotentiary representative on the Constitutional Court; Stanislav Yudushkin, deputy minister of justice; and Valentin Demin, assistant acting general prosecutor. They are all quite well-known and authoritative figures in the legal world. Finally, the presidential team has a group of advisers and consultants. The very fact that Genrikh Padva, the well-known attorney, is among them says a lot.

But even so, competent specialists on both sides have been unable to answer a simple question: Who, in fact, was the author of the idea of calling Chechnya the Chechen Republic? This question was raised by Issa Kostoyev in the following words: If Chechnya did not sign the Federation Treaty, and the referendum and legitimate elections were not held there, who, then, gave Chechnya the name of the "Chechen Republic" and wrote it into the Russian Federation Constitution as a component of the Russian Federation?

Sergey Shakhray tried to answer this question, which is simple in form yet crafty in substance. In his opinion, the failure to sign the Federation Treaty still means nothing. Because the federal authorities did, in the end, manage to find a common language with Tatarstan, which also did not sign the general protocol. But Chechnya aspired to independence with the status of a subject of international law. That is why it was granted the highest form of independence within the framework of the Russian Federation and called the Chechen Republic.

But who called it this? This question hung in the air in the courtroom.

About the questions, incidentally. In the opinion of attorney Genrikh Padva, his opponents do not know how to put questions. They are too wordy and logically imperfect, and sometimes they are also simply of an overtly leading nature. The parliamentary side pays no particular attention to the substance of the replies received, and so sometimes it duplicates its questions several times over.

True, for ethical reasons the attorney did not assess the judges' art in putting the questions. So I will venture to take responsibility for such a delicate matter. It seems to me that not all the judges have mastered this art either. In the court corridor, where they set us up in front of television monitors, we journalists even played a guessing game, speculating as to for whose benefit — the president's or parliament's — a particular question was being put. We guessed the judge's partiality almost 100 percent of the time.

But, to be honest, none of us is yet venturing to guess the Constitutional Court's future decision.

'Derzhava' Movement Leader Views Election Scene

MK1307083695 Moscow SEGODNYA in Russian 12 Jul 95 p 2

[Report by Gleb Cherkasov under the "Politician" rubric: "Viktor Kobelev Believes in 'Derzhava's' Electoral Victory. Former Organizer of the Russian Liberal Democratic Party Election Campaign Confident of Retaining His Onetime Skills"]

[FBIS Translated Text] Viktor Kobelev, deputy chairman of the "Derzhava" social-patriotic movement and State Duma deputy, told your SEGODNYA correspondent yesterday that the movement headed by Aleksandr Rutskoy at present numbers 1.2 million people. According to Mr. Kobelev, the "Derzhava" leadership has already toured 47 regions of Russia in its election campaigning.

Viktor Kobelev believes the Liberal Democratic Party of Russia [LDPR] and the Communist Party of the Russian Federation [CPRF] to be "Derzhava"'s major rivals. He thinks, however, that Mr. Rutskoy's movement is likely to collect more votes than the two parties of Mr. Zyuganov and Mr. Zhirinovskiy together. Mr. Kobelev reckons that "Derzhava" can count on getting 26-28 percent of the vote in the parliamentary elections. Aleksandr Rutskoy's deputy expects the CPRF position in the Federal Assembly lower house to remain the same as before, while the number of seats won by the LDPR is likely to fall considerably. Mr. Kobelev calls the Russian Agrarian Party an "artificial structure," stressing that during his election campaigning in the provinces, Mr. Rutskoy usually succeeded in finding a common language with the local chiefs of the agroindustrial complex. As for the other patriotically-inclined parties and movements, Viktor Kobelev said, they will manage to gain no more than 0.3 to 0.4 percent of the vote. The "Derzhava" deputy chairman stressed that the movement will not be joining any election blocs, either on the multi-candidate or single-seat constituency level. Mr. Kobelev said that "Derzhava" "will definitely try to grab the electorate" supporting the Communists, Agrarians, and Liberal Democrats. He did not rule out the possibility of Mr. Rutskoy's supporters trying to win over some of the Grigoriy Yavlinskiy vote.

Mr. Kobelev intends to take personal charge of the "Derzhava" election headquarters (it will be recalled that while he was Vladimir Zhirinovskiy's deputy, Viktor Kobelev was an organizer of the LDPR election campaign in 1993). Mr. Kobelev admitted to his being as staunch an advocate of single leadership as ever, saying he was confident he had not lost his former skills of orchestrating an election campaign.

Speaking about the situation in the LDPR, Mr. Kobelev stated that some deputies he himself had once brought to run on Mr. Zhirinovskiy's party ticket are now displeased with the LDPR leader. Viktor Kobelev emphasized his readiness to help all the LDPR deputies who chose to break with their faction to run on a "Derzhava" party ticket. Mr. Kobelev was extremely skeptical about the current level of the LDPR apparatus.

Radical Parties Fail To Secure Election Support

MM1307103195 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 13 Jul 95 p 2

[Report by Andrey Shcherbakov: "Changes on the Right. Nationalists' Chances Are Minimal, But They Are Preparing for Elections"]

[FBIS Translated Text] Most analysts do not give right-wing radical parties and movements any chance of success in the upcoming parliamentary elections. The failure of the Russian National Unity [RNU] candidate in the recent by-elections in Mytishchi showed that the voter takes an extremely negative view of fascist ideology even if it is camouflaged with patriotism. Aleksandr Barkashov's attempts to assure the public that he has succeeded in circumventing the law and creating party cells at a number of enterprises in Moscow and the oblast were not crowned with success. You get the impression that Barkashov owes his notoriety to a number of mass media sources which regularly inform the public of the RNU's actions and the scandals surrounding its leader.

Curious changes are taking place within another right-wing radical party — the National Republican Party of Russia [NRPR]. Its former chairman, Nikolay Lysenko, was expelled from his leadership post amid a scandal over his "destructive activity." Yuriy Belyayev, known for his chauvinist views, has been elected the new chairman. The National Republican leadership is in a hurry to attribute the recent attack on the new leader to the fact that some people did not like the self-purging of their ranks. The NRPR has even declared war on "Lysenkoism."

This party's programmatic principles are based on the idea of technocratic nationalism. Petr Khomyakov, the ideologue of the National Republicans and author of the "National Progressive Movement" brochure, rallies engineers, natural scientists, technical VUZ [higher educational establishment] lecturers, teachers, and doctors to his party's banner. Emphasis is placed on those social groups that are experiencing hard times today. But I think that the Russian intelligentsia will hardly swallow the bait of demagoguery, particularly since it has always rejected chauvinism and anti- Semitism.

At present the St. Petersburg Prosecutor's Office is examining a criminal case involving Yuriy Belyayev. In an April interview with IZVESTIYA this gentleman contrived to announce that in September 1993 supporters of Khasbulatov's Supreme Soviet prepared an attempt on Russian President Boris Yeltsin's life. However, there are grounds to believe that the hullabaloo over this statement, whose reliability is now being carefully investigated by justice organs, is due to the National Republicans' plans to nominate Yuriy Belyayev for the post of St. Petersburg mayor.

Interestingly, the National Republicans are not counting on the slightest success in the parliamentary elections. They themselves say that their agenda is "to guarantee an attempt to get just two or three deputies into the State Duma in first-past-the-post districts."

Aide Satarov on Election Blocs' Impact

MM1207140595 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 11 Jul 95 p 1

[Interview with presidential aide Georgiy Satarov by Dmitriy Gaymakov; place and date not given: "Russian Federation President's Aide Georgiy Satarov: 'Power Must Be Open.' Game of Political Patience on Threshold of Parliamentary Elections" — first paragraph is introduction]

[FBIS Translated Text] Torrid days have come to Russia's political life. The reason is simple — parliamentary elections are due in December. This is what our interview with Russian Federation presidential aide Georgiy Satarov is about.

[Gaymakov] Practically all Russia's political forces have already joined the election marathon. Georgiy Aleksandrovich, was the impetus for this activity not provided by the idea put forward by Vice Premier Sergey Shakhray to create two major election blocs?

[Satarov] In actual fact the preelection hurly-burly began before the announcement about the two blocs. I would compare the report of their formation with two birds who have flown into a hornet's nest and stirred it all up. For instance, the absolutely hysterical reaction from left-wing parties was out of all proportion. This is entirely explicable: The idea of the two blocs did, of course, frighten them.

[Gaymakov] In your view what are the real chances of the left-center "Russia Is Our Home" bloc headed by Prime Minister Chernomyrdin, if not one political party that is in any way significant has declared its wish to join this bloc?

[Satarov] But the prime minister is not building his strategy on getting together a few not very influential forces but is trying to create a fairly significant new force. Regarding the chances of either bloc, they will be linked above all to the authority of their leaders, Chernomyrdin and Rybkin. Immediately after the announcement of the blocs' formation I saw the results of a public opinion poll. Twenty-five percent of respondents welcome the formation of the new associations. This is a very decent "electorate" to start with.

[Gaymakov] Why is the business of forming Ivan Rybkin's left-center "Accord" bloc progressing so slowly? Even his "own" Agrarian Party has spent a long time pondering whether or not to join the bloc....

[Satarov] Ivan Petrovich does not have the organizational resources or the organizational potential which the prime minister has. Rybkin is simply operating in a different political key and in a different style. But I am sure that the bloc will nonetheless be formed.

As regards the Agrarian Party's position, there could be several reasons for its leadership's doubts — both a certain jealousy and a really mercenary motive. This party's leaders are perfectly well aware that, if Ivan Petrovich manages to establish the structure conceived by him, he will be the one influencing the distribution of portfolios in the part of the government that interests them.

[Gaymakov] Does it not seem to you that the attempt to establish pro-government election blocs from above could drive Russians away from them?

[Satarov] Let us clarify the assertion about "establishing from above." How, for instance, was the preelection bloc of Yavlinskiy, Boldyrev, and Lukin formed? Was this really a mass movement from below? Of course not. "Yabloko" offered its program to voters and received a certain number of votes. Thus Chernomyrdin's and Rybkin's blocs are being formed within the framework of the existing and the accumulated political culture.

What is bad about the fact that Chernomyrdin's bloc is described as pro-government? If there are voters prepared to vote for the government they should be given that opportunity. But if there is no bloc, voters will not have the opportunity. I believe that Viktor Stepanovich has in a certain sense committed a great civic deed: He is effectively suggesting that people vote for what the government is now doing. Instead of forming a bloc he could have sheltered behind other parties or the president and quietly continued to do his own thing. But in fact he is doing things properly and staking everything....

Even Russians who react critically toward the formation of a pro-government bloc are demanding that the authorities conduct a dialogue with the people and that they be open. A mechanism for a dialogue between the authorities and the people is being created, moreover a mechanism with dual responsibility — to the Russian president, to parliament, and to voters. That means that those joining the bloc take on an additional responsibility and create additional opportunities for a dialogue with society.

[Gaymakov] Why do you think the public opinion rating of Gaydar's "Russia's Choice" fallen so low? Does this party have a chance of uniting with other parties following the discord with "Yabloko" and of winning seats in the sixth State Duma? To what would you attribute the striking disunity of democratic forces, when what they need above all is consolidation?

[Satarov] The rudiments of practical politics: The votes of your supporters can be won and kept only when voters understand you. If you simultaneously try to fulfill the functions of both the opposition and of a force loyal to the authorities, the voter will simply not understand you. Gaydar is trying to explain his balancing act by using nuances which are not understood by the mass voter. He did understand the Gaydar who walked forward hand in hand with the president, breaking up the old and building the new. This was the image of a hero. Gaydar could be understood when he said: You are doing it all wrong, you and I are not going the same way, therefore I am leaving the government and I will defend my position in opposition. This is an image of another hero. But it is impossible to do both at the same time. The loss of points begins immediately. This is a law of nature: To win points you have to be understood.

Yavlinskiy is understood and he is consistently opposed even when this contradicts his bloc's program. He says: It is wrong because you did it. And he sticks to his guns....

Nevertheless I believe that "Russia's Choice" indisputably has a chance of winning seats in the State Duma. In a certain sense Chernomyrdin has freed up a certain political space because "Russia Is Our Home" has taken up a position that is not too right-wing. A new bloc can be built in this area. At the moment it is too hard to tell to what extent Gaydar's supporters will take their chance.

[Gaymakov] How do you rate the chances of the "irreconcilable opposition?"

[Satarov] It seems to me that Zyuganov's Communist Party and Zhirinovskiy's Liberal Democrats will not win more votes than they obtained in the 1993 election for two reasons. First: In part their political field should be narrowed by Rybkin's left-center bloc. I hope that this bloc will be formed and that it will fulfill this function. Second: There will be more "players" in the upcoming election — Rutskoy, Skokov, and a multitude of other small parties and movements will appear. This will automatically split the votes among them and will not help to increase the number of votes cast for the Communist Party of the Russian Federation.

[Gaymakov] That means, you believe, that the disloyal opposition, which is setting itself the aim of changing not only the policy of reforms but also the entire political system, will not be able to win the elections?

[Satarov] I think that there will not be a bloc capable of winning over 50 percent of the vote in these elections. But all other parties and blocs must base their political behavior on the premise that this danger exists.

Yavlinskiy Writes on Yabloko Movement, Politics

Sees No Tragedy in Democrats' Split

MM1307111895 Moscow IZVESTIYA in Russian 12 Jul 95 p 2

[First part of two-part article by Grigoriy Yavlinskiy: "Split Among Democrats Is No Tragedy"]

[FBIS Translated Text] Serious criticisms have recently been voiced of myself and the "Yabloko" movement. We are accused of splitting democratic forces and even of betraying democracy, whose ideals we are allegedly sacrificing to personal ambition. As for "ambition," I will only say that if that reproach was justified, I would not be doing what I am doing, I would be doing what some of my critics advise me to do. They suggest I should **head** a single list for the democrats in the parliamentary elections — what more could a politician dream of, if he puts personal ambition first? But I am refusing to do this because it is not in accordance with my perception of the interests of the democratic movement in Russia. Those interests are what I propose to discuss.

Origins of Crisis

The democratic movement, in the period between the creation of the Interregional Deputies Group (1989) and the disbanding of the Congress of USSR People's Deputies (1991), was relatively unified and constituted an influential political force. But since the breakup of the USSR to date, the democratic movement has been experiencing a serious crisis: It is fragmented and has little influence. Some analysts explain this in terms of the personal qualities of the leaders of the democratic movement: ambition, incompetence, political naivete. That is not without foundation, but it is patently not enough for an understanding of the main reasons for the crisis.

The democratic movement sprang from spontaneous anticommunism and rejection of the regime that the CPSU had built in our country. But it was not anticommunism that determined the democratic nature of the movement, but the fact that it was supported by the majority of citizens. After all, democracy is a policy that is based on the majority view but takes into account the interests of the minority. (A policy that is based on the opinion of the majority but takes no account of the position of the minority is not a liberal democracy. A course based solely on the interests of the minority is not democracy at all.)

The crisis in our democratic movement began precisely when it threw in its lot with the minority. After the democrats came to power at the end of 1991, the stage of "radical economic reform" began. For both subjective reasons (the type of reform and the method of implementing it) and objective reasons (characteristics of the Soviet economy), the reform almost immediately turned toward the minority that later became known as the "business elite," for whom the reform had begun to yield dividends. Meanwhile the majority of citizens were alienated from ownership and resources.

We must, of course, distinguish between reform and unavoidable actions. The price liberalization carried out by Yegor Gaydar was largely predetermined and preprogrammed back in 1990-1991. Demonstrating exceptional resolve, Gaydar did indeed initially begin to rouse Russia from its economic coma — he took upon himself a significant part of the "economic dirty work." Like anyone else in his situation, he naturally lost popularity, but he did become a historic figure in a highly complex period of Russia's development.

Unfortunately, no heed was paid to our proposals to the effect that economic links with the former USSR republics should not be destroyed; that prices should be released quickly but in stages, not overnight; that this process should begin not with the sectors that lag behind, but with raw materials sectors; that the inflationary hangover should be removed by means of absolutely clear monetary privatization, not involving vouchers, etc. The essence of my criticism was not to belittle Gaydar's merits, but to assert the evident fact that his reform should not be confined only to the first steps. By confining itself to those steps, it inevitably began to turn into a reform for the minority.

After May 1992 the reforms in general slowed down drastically. But none of the reformers dared to tell the country's citizens this. People exerted themselves with all their might and patiently bore with difficulties in the believe that they were doing so for the sake of the reforms. But the reforms were being increasingly curtailed, and mere simulation of reforms began on a large scale. Unfortunately, Gaydar himself did not admit this publicly until 1994.

So economic reform and the interests of the majority of citizens diverged. An awareness of this prompted the "democratic" leadership to resort to lies and brutality. As a result people who had formerly supported the democrats in everything were profoundly disappointed. They began to feel that the establishment of democratic values is not possible in Russia today. And that is the fundamental cause of the crisis in the democratic movement.

The crisis became the cause of disintegration. Splits, clashes, and all kinds of upheavals began. First, alongside "Democratic Russia" the considerably more narrow "Russia's Choice" sprang up. Then prominent figures in the democratic camp such as Gaydar, Burbulis, Shokhin, Ponomarev, Boris Fedorov, and Ella Pamfilova began to define their positions. A third grouping arose — "Russia's Democratic Choice." Events in Chechnya further exacerbated the crisis — Andrey Kozyrev and Oleg Boyko left the democrats. Conflicts within the faction were sharply aggravated, and a good many people left, even some of those who were elected on the [party] lists (the furor over Vladimir Bauer was simply beyond all decent bounds). And finally, Anatoliy Chubays is suspending his membership of "Russia's Democratic Choice" so that no one can have any doubts as to his loyalty to Viktor Chernomyrdin.

These splits and separations nonetheless took place, as a rule, within a single whole — within the walls of the common "democratic home." Its inhabitants were united by support for the reforms for the minority; there was no question of an alternative. **In this situation the only possible way to maintain a democratic perspective in Russia is for democrats to define their positions in a principled manner with regard to the political course pursued by the country's leadership.**

Two Democracies

Unfortunately, the democratic alternative to the government course in 1992-1993 was relatively weak by virtue of our way of thinking, traditions, and the peculiarities and complexities of the economic transformation. Therefore those forces for which democratic values are alien by their very nature began to take upon themselves (verbally!) the defense of the majority's interests. The democrats had farmed out to their political opponents all compassion for the distress and difficulties of surviving the reforms. Yeltsin and Gaydar became, in people's eyes, unsuccessful "shock therapists," while Rutskoy, Zhirinovskiy, and Zyuganov were seen as "revitalizers" and consolers of the impoverished.

In this situation criticism of the government's course by democratic forces was needed. There was also a need for an alternative enabling democracy to return to its fundamental values — the interests of the majority. In October 1993 "Yabloko's" move to the democratic opposition was dictated not by a desire to exacerbate the crisis in the democratic movement, but, on the contrary, by the need to overcome this crisis, which was engendered by the erroneous identification of democracy with President Yeltsin's policy and Gaydar's economic course. However, the creation of a democratic opposition is impossible without a revision of some of the foundations of the philosophy of the democrats who enrolled under Yeltsin.

Until very recently the name of "democrat" was, in a sense, the monopoly of those who advocated the consistent concentration of power in the hands of Boris Yeltsin and who supported financial stabilization in the spirit of orthodox monetarism. If you criticize Boris Nikolayevich and see other tasks in the economy apart from that of combating the state budget deficit, then you are not a democrat, and you can think yourself lucky if they don't call you a communo-fascist. In this way the social and political base of democracy was artificially narrowed. A very simplistic dilemma was imposed on society: either the Gaydar reforms or the restoration of communism. This cleverly propagandized oversimplification pushed society toward a choice between two extremes. And the majority, dissatisfied with the reforms, recoiled from the democrats and turned toward those who debunked them as antipopular, that is, toward the communists and nationalists. The only way to halt society's movement in that direction would have been to convince people that there is more than one kind of democratic reform. And that **a return to the past is not the only alternative to the current course, there is also another version of progress toward the future, another kind of reform.**

It is the absence of such an alternative that leads to a paradox that sociologists have observed repeatedly: In Russian society there are far more people who support democracy than people who are willing to vote for democrats in the next elections. That is the crux of the problem, which can be resolved only by establishing a democratic alternative to Yeltsin's policy and the Gaydar-Chernomyrdin reforms.

The capacity of political forces to put forward alternative versions of development within themselves is a sign of the said forces' stability, and by no means a sign of weakness. This has been convincingly demonstrated by the democrats' opponents: After its rout in October 1993, as early as December the national-patriotic opposition was again able to secure seats in the Russian parliament, but through other political parties of a national-patriotic and communist orientation. It is the existence of alternatives that today offers the left quite wide opportunities to attract various population strata over to its side.

Yet for the democrats everything is the other way round. People insist that the democrats' ranks must be unified, monolithic. Or if there are any differences, they must in no circumstances be given organizational form in the shape of different parties, factions, or electoral blocs. A paradoxical situation has arisen. The communists and groupings that are close to them (contrary to Lenin's teaching) are successfully practicing political pluralism, while the democrats, who have always proclaimed that pluralism, have suddenly become the most ardent adherents of the resolution of the 10th Russian Communist Party (Bolsheviks) Congress "On Party Unity."

Ensuring the existence of alternatives is not only a tactical goal, but a strategic goal for Russian democracy. As in the biological world, in politics interests dictate that any species divide into subspecies, populations, tribes, etc. and that these engage in rivalry within the species. Pluralism in the democratic movement is not a tragedy, it is the only correct path which offers Russian democracy prospects for continued growth.

What would have happened if the democrats had formed a single monolithic bloc for the 1993 elections? Undoubtedly fewer people would have voted for that bloc than for "Russia's Choice," the PRES [Party of Russian Unity and Accord], and "Yabloko" put together. And that would have been a just punishment for deviating from positions of principle. But even if there had been as many votes, the present fall in the popularity of "Russia's Choice" and all its splits and squabbles would have been characteristic not just of one isolated section of the democrats, as is the case now, but of the entire democratic camp. That would have led to a catastrophic decline in confidence in democratic forces in general. The final result — a still greater and irreversible discrediting of the very concepts of democracy and reforms in the eyes of the majority.

Sees No Need for Democrats' Union

MM1307112595 Moscow IZVESTIYA in Russian 13 Jul 95 p 2

[Second and final part of article by Grigoriy Yavlinskiy: "Split Among Democrats Is No Tragedy"]

[FBIS Translated Text] **"Weimar" Situation**

In an attempt to persuade voters of the need to unite all democratic forces under the same roof our opponents have thought up one more outwardly impeccable argument. They are speaking of the threat of fascism, which can be countered only by a united democratic bloc, and they are drawing parallels with the Weimar Republic and with the events in Germany in the late twenties and early thirties.

The analogy with the Weimar Republic is indeed indicative but in a completely different sense. Yes, the feeble democracy in Germany in those years is in some ways reminiscent of our own unsteady situation (although this analogy is hypothetical enough, since our power, in contrast to the powers of the Weimar Republic, is itself gravitating toward authoritarianism and illegal actions). Yes, the Weimar democracy collapsed and gave way to Hitler's regime. But that happened by no means because the German democrats were unable to unite with anyone. **They were unable to elaborate a democratic alternative to the socioeconomic course of those democrats who were in power at the time.** That course led to the withdrawal from democracy of a considerable part of German society: On the one hand toward the Communists geared toward the Stalinist USSR and on the other toward the national socialists. There was no third way. And if you are to seek productive historical analogies then it is more useful to turn to the experience not of Germany but of the America of the thirties where Roosevelt managed to offer his "new deal" in the economy and lead the country out of crisis while retaining the gains of democracy.

The idea of a "united front" against the "dark forces" also gives rise to other doubts. The events of 1991 and 1993 have proven that the country does not want a restoration of totalitarianism. The Communists, Agrarian Party members, and Zhirinovskiy supporters taken together did not collect even one quarter of the votes on the electoral roll at the past elections.

The majority of people do not support the Communists and fascists and, most importantly, do not believe they will come to power. So they will not follow those who call on them to unite against the "red-browns." That in no way means that no political and ideological struggle should be waged against them. There are no differences among the democrats here. But uniting voters on this basis is impossible. The point is that the delimitation that has happened in society has been a long way from the "fascism or freedom" line. The majority of citizens are alarmed not by the hypothetical "communo-fascism" but by the real delays in wages, the low living standard, the uncertainty about the future, the crime and corruption, and the war in Chechnya. But instead of resolving these problems we are asked to fight our enemies. We are persuaded "to look for the purse not where we lost it but where it is light."

One more argument in favor of the democrats' unification is Chernomyrdin and his "bloc of bosses." Indeed, the present authorities are using measures characteristic of undemocratic regimes. They are displaying readiness for transformation into an aggressive regime. They say, let us unite against the bad methods the authorities are using and we shall support everything good that it is doing. In other words, reform is good and the war in Chechnya is bad.

Alas, the war in Chechnya is no exception, no anomaly, but the consequence of the political and economic course that is being pursued. So we oppose this course as a whole and not individual manifestations of it. We are fundamentally in opposition to the authorities since we believe that they are pursuing an undemocratic policy. Our opponents assert that the authorities are pursuing a correct policy in virtually everything except Chechnya. They call the capitalism which has been created in the country "bureaucratic and repellent," stating that they do not like it, and at the same time the support by every means the government's economic course and the budget concept which are leading to the assertion of this capitalism. How can we build a viable coalition with them? We dislike the same things you do but that is not enough for unification. Consolidation is possible only on the basis of a similar understanding of the reasons for the undemocratic policy and not of protest against its consequences.

The war in Chechnya was in a certain sense programmed by the very Constitution which was supported selflessly and instinctively in 1993 by the progovernment democrats. You cannot create a union against totalitarianism by avoiding the question of the content of the course which contains that threat. Of itself the present regime will most likely not become fascist but it can open the way in this direction just as it was once opened by the Weimar Republic authorities. And we can see no means of countering that threat other than a democratic alternative to the authorities' economic and political course.

"Yabloko" came onto the political stage at the time when the biggest danger to the democrats was presented by their very unattractive image as an irresponsible force prepared for the sake of some incomprehensible macroeconomic aim to reduce pensioners to extreme poverty, to wear people down by delaying the payment of wages, to make the Russian economy dependent on abstract principles thought up for completely different countries and conditions. We are trying to show that the ideas of democracy are not the sectarian possession of one political current and one of numerous avenues of economic thought.

We are trying to prove to Russian society that there is a democratic alternative to the existing regime of power. The 1993 elections confirmed that there is a demand for this alternative in society but the democrats have proved unable to satisfy it in any full way. But those elections also instilled the hope that (given an alternative) democrats in Russia will not suffer failure with the next failures in the economic reform and Yeltsin's defeat at the next presidential elections will not be the end of the entire democratic movement.

We consider ourselves democrats. Our aim is the creation of an effective market economy and the assertion of democratic values presupposing the observance of human rights and legality. No changes in these initial positions are conceivable for us. But we do not believe that the present regime can implement these goals. This regime is constantly breaking the laws, is failing to develop democratic institutions, and is not creating the foundations for a competitive economy. The authorities are returning to a typical form of rule for our country — a monopoly oligarchy — and are merging with the criminal world. They are discrediting the ideas of democracy and a market economy in Russia and are creating the nutrient medium for fascists and orthodox Communists. So we are the democratic opposition to the authorities. With regard to the Zhirinovskiy supporters, national-patriots, and orthodox Communists we are the implacable opposition.

We are reproached for adopting a stance of irresponsible and aloof criticism. That is not true. We have constantly offered alternatives and additions on key issues of economic policy. After the "500 days" and "window of opportunity" programs we elaborated the treaty of economic alliance with the former union republics and all the agreements for it and suggested the "Nizhniy Novgorod prologue" detailed plan of regional reforms, an alternative concept for the budget for 1994 and 1995, a program for the postvoucher privatization of large-scale industry, and a three-year plan for struggling against inflation.

We also regard the regional loan elaborated and implemented by us in conjunction with Boris Nemtsov back in 1992 as a success. It enabled the inhabitants of Nizhniy Novgorod Oblast not only to protect themselves against high inflation but also, and this was particularly important, to trust the local administration. We managed to simplify the registration of private enterprises to the utmost. We managed to create a system of targeted aid for pensioners and the least well off. An enormous amount of work was done in Nizhniy Novgorod on the land reform, the alteration of the tax system, the search for effective decisions for defense enterprises. We strove in practice to link reforms to the interests of the majority. If even half the Russian regions had done what Nemtsov did the situation in the country would be fundamentally different. Not a single Zhirinovskiy supporter, not a single Communist, got into the local organs of power at the elections in Nizhniy Novgorod — does that not prove we are right?

Finally a new circumstance has now arisen — Chernomyrdin's government has declared itself to be the ruling party. From being an economic appendage of the presidential structure it has promoted itself to the rank of a political organization laying claim to full responsibility for what is happening in the country. So the question of a vote of no confidence in the government has ceased to be merely decorative, as it was in the fall, and has become a real political problem. And although the government's influence on the country's domestic and foreign policy is still limited and depends on the president, under the new conditions we must oppose not only the president but also the government.

We believe that the democratic forces' relations with the present authorities can be built only on tough criticism of the very gross political and economic blunders of the existing regime. We believe that the democrats should not create comfortable political conditions for it. That will lead only to Yeltsin and Chernomyrdin drifting toward the nomenklatura, the nationalists, and the Communists, believing that the democrats (particularly faced with the threat of a communist or nationalist dictatorship) will not go anywhere.

Coalition

The fate of the political and economic reforms remains our main guideline in elaborating a coalition policy at the forthcoming parliamentary and presidential elections.

The close interconnection between the parliamentary and presidential elections is obvious to everyone. These are two stages of a single process but there are substantial differences between them. And at the presidential and parliamentary elections we intend to adhere to different strategies, including in our coalition policy.

Parliament exists to reflect the positions of different groups of society. Society should see itself in this mirror in order to make the decisive choice in June 1996 with as much awareness as possible. It is not only important to understand the difference between the democrats and the nondemocrats, the differences between those who consider themselves reformers should not remain unclear either.

What is the point of large political movements like "Russia's Choice" and "Yabloko" uniting at the parliamentary elections? These political forces have many differences — primarily on economic policy. How can parties join a single parliamentary bloc when one of them supports the government's policy, votes for the budget and for confidence in Chernomyrdin's bloc, while the other is in the opposition and votes against the budget and expresses lack of confidence in the government? Why mislead the voters?

Incidentally, the latest all-Russian and regional public opinion polls show the negative attitude toward the idea of such a union.

One more weighty argument against the unification of large political organizations is that functional teams should enter parliament. And a good team cannot be put together through the mechanical gluing together of various factions into a single common list. No abstract considerations will replace long experience of joint work and the unique psychological climate without which a faction's internal unity is inconceivable. To fail to consider this means creating an unviable hybrid which will collapse in the first days of parliament's work.

What I have said applies to the political parties counting on overcoming the 5 percent barrier at the parliamentary elections. But many recently created small parties and movements will take part in the parliamentary elections and for them overcoming the 5 percent threshold alone will in practice be very complicated. Coalition with them is essential and their voters' votes should not be lost.

I want to stress yet again that the elections to the State Duma will face voters with the question of the type of economic reforms and the means of conducting them. At the presidential elections the country will decide a more fundamental question: the type of political regime in Russia and the direction in which it will develop.

The presidential elections cannot be won alone. The aim of the candidate at the presidential elections is fundamentally different from the aim of the parties at the parliamentary elections. His task is to consolidate the broadest strata of the population around himself. So at the presidential elections it is important to bring to the fore not the positions which divide different political forces but above all those which unite them. On the threshold of the presidential elections it will be a case not only of uniting the democrats but also of creating a broad coalition of anti-authoritarian forces.

In stating our participation in the presidential elections we are prepared for the broadest collaboration with the political parties and movements which give their preference to the democratic form of rule and advocate the observance of human rights. With those who are for a free, private, competitive market economy. With those who are aware of the danger of authoritarian power contained in the Constitution. With those who are for constitutional reform aimed at establishing a democratic balance of powers through the reduction of the powers of the president and the consolidation of the legislative base and the return of control functions to it. With those who stand on a position of precise delimitation of powers between the legislative, executive, and legal branches. Whatever a political grouping which has proved its adherence to this range of ideas may call itself, this cannot be seen as an obstacle to its participation in a coalition at the presidential elections.

At these elections the party of power will clash with various forces. And unless in the time left the democrats stop rushing around trying simultaneously to be the "fathers of Russian democracy" and "the emperor's intimates" and elaborate **their own alternative**, unless they are able to persuade the broadest strata of voters that it is this alternative which accords most with the interests of the majority, then not only will they be unable to become the nucleus of a broad coalition at the presidential elections but they will be relegated for a long time to the background of big-time politics.

'Russia Is Our Home' Official Interviewed

MM1207130995 Moscow RABOCHAYA TRIBUNA in Russian 8 Jul 95 pp 1, 3

[Interview with Leonard Vid, leader of the "Russia Is Our Home" executive committee, by Igor Moiseyev; place and date not given: "Russia Is Our Common Home"]

[FBIS Translated Text] [Moiseyev] Leonard Borisovich, please describe what the "Russia Is Our Home" movement is today.

[Vid] First, our movement is a very young one. The constituent congress at which the political statement and rules were adopted and the movement's council was elected was held 12 May. The movement's registration at the Ministry of Justice took place 23 May. A council session was held 24 June at which an executive committee of nine people was elected and on 3 July we held the first executive committee session. Those are all the milestones of our movement to date.

The criticism leveled in the mass media against our movement does not reflect the true state of affairs: We are so young that we have not yet managed to do anything — either bad or good.

The press has created an image of "Russia Is Our Home" as a party of power since the leader of our movement, Viktor Chernomyrdin, is prime minister and the council includes many regional leaders. But that is only on aspect of the matter. The other half is that an enormous number of professional, knowledgeable people have been elected to our executive committee, council, and regional organizations — they include doctors, artists, and representatives of the business world seeking to lead the economy out of crisis and on that basis to lead the country toward a financial and economic situation which will create opportunities for social support for the population, the creation of fitting conditions for the army, the struggle against crime, and so forth.

Viktor Chernomyrdin gives us only his nonworking time and thus we are acting independently. I would say that the movement's attitude toward the government is one of critical solidarity. We do not want to lobby or "prostrate ourselves" before the government. The main thing is constructive work, the coincidence of program interests, although I must say that our platform will be considerably broader than the government economic program. So we feel independent enough.

We are and will be in a state of businesslike criticism with the federal and regional authorities, and we shall express our view of all problems and when we have completed the preparation of our platform we shall act only in accordance with it.

There is little time, the election campaign is not far off. So we must now complete the formation of the regional organizations of the "Russia Is Our Home" movement, setting aside for the time being work with the electorate.

Regional organizations have already been created in 50 components of the Federation. Initiative groups have been created in 79 components.

By 15-20 July the formation of regional organizational will have been completed and the "Russia Is Our Home" movement will receive the necessary support in the regions. We consider the main nerve of our movement to be regional policy, the attainment of consensus, the assessment of the interests of the regions and their subsequent union at federal level into the general flow so that "Russia Is Our Home" expresses the interests both of the regions and of the federal state.

One more major task is the creation of our own platform after which the main development of our work will begin — all our efforts will be directed toward the election campaign. Our aim here is to bring to the State Duma professionally knowledgeable businesslike people who have already made a practical attempt to create stability in Russia and lead its economy out of crisis. People who can achieve a situation whereby the legislative organ adopts laws promptly, in a vigorous and qualified way, and the legislative branch follows these laws precisely.

The liberal stage of economic reform has ended. The market environment has already been created and a more conservative turn toward the state's participation is needed. Of course this participation should be at the level of the rules of the game so that the laws which will be prepared in a skilled manner by parliament should operate and the economy should live in accordance with these laws. Only that can lead Russia to stability and predictability.

And I should like to note one more point. Our provincial regions, outlying districts, and components, contrary to widespread opinion, are in no way inferior to Moscow in their understanding of the political situation, in their view of how the country should be led out of the grave economic situation and the political and economic crisis. So I stress that we must work with the regions in a more principled manner, listen to them more attentively in order to unite all their thoughts into a single flow.

[Moiseyev] Please tell us a little bit about yourself.

[Vid] I graduated from the mining faculty of the Moscow institute of ferrous metals and gold. I was sent to work in Norilsk to the mining and metallurgical combine. I spent 22 years there. For the last 14 years there I held the post of deputy general director for the economy and I defended my candidate's dissertation. In 1977 I was moved to Moscow, to the USSR State Planning Committee. And I climbed all the rungs of the ladder and became first deputy chairman of the State planning Committee — until the political situation changed and the system which had been an inefficient system, pernicious in its one-party management, ceased to exist. At the time I tried to reform the plans and was even the author of the state order. Then I headed the center for the economic situation under the Russian Federation Government. I came to politics for purely ideological reasons. Objectively assessing my age — I am 63 — I think that it is too late for me to become a deputy or minister.

I believe that the movement should primarily bar the way to political extremism and form a more or less stable political system based on democratic elections and with other constructive political forces promote Russia's emergence from the economic crisis. My knowledge of economics enables me to work in this movement. The movement's leader offered me the post of leader of the executive committee, and I agreed.

[Moiseyev] How many representatives of executive power from the republic leaders, administration heads, and leaders of large enterprises belong to the movement?

[Vid] So far we have not counted because the formation process is still under way. Moreover, regional organizations are being created not only at republic and oblast level but also in rayons and cities. We attach enormous importance to contacts with the agrarian sector, with the political movements and parties of this salient, including the Agrarian party.

As for the central council it includes administration heads — about 30 percent — and many representatives of the creative intelligentsia and scientists — I. Arkhipova, L. Zykina, A. Batalov, V. Tikhonov, A. Kalyagin, and Russian Academy of Sciences President Yu. Yusipov — so it is wrong to believe that our council consists only of bosses. We have the aim of attracting businessmen. If a man has achieved something, created or built something, then we will contact him with pleasure. For instance, the council includes major economic figures like Kadannikov, Pugin, and Bekh. These are people who know how our economy can be helped. They are our foundation with which we can approach the solution of any question in a professional manner in the council.

[Moiseyev] Who is creating the movement's platform?

[Vid] The program commission is headed by Doctor of Economic Sciences Aleksandr Shokhin. In our work on the program we are not relying on any organizations. We are seeking people whose views of the state of affairs in the country and ways of extricating the economy from the crisis coincide. It is with these people that we are working. The organizing nucleus here consists of the leaders of the council commissions. For instance, Batalov heads the cultural commission while Shoygu, minister for emergency situations, heads the commission for fighting crime, and the social commission is headed by Labor Minister Melikyan. These are people who know the state of affairs and approach them professionally.

[Moiseyev] In creating regional organizations are you entering into collaboration with the organizations of other parties of a democratic orientation?

[Vid] Yes, of course. We invite everyone and are ready for cooperation. And a great many people are coming to us, are showing interest, and are listening and thinking. So far that is the case.

We realize that our movement is not an absolute, it will not gain an absolute majority in the Duma — we assess our potential soberly so one of our main tasks is to form blocs with like-minded people and to unite with them on an equal basis so that we can form the bloc which is required to influence the legislative process in the necessary direction.

[Moiseyev] Who would you name among those who think like you?

[Vid] Right now there is the Party of Russian Unity and Accord, we have accepted the union of veteran officers as a collective member, there is the "Spartak" society, the association of peasant and private farmers' farms, and other organizations. But I repeat that the process is still at the very start. We are now conducting talks with the "Russia's Choice" movement and its cochairman Pavel Medvedyev on forms of cooperation. So far we have not had talks with "Russia's Democratic Choice" but I personally have a positive attitude toward this party because it includes many intellectuals and real professionals. I think that we shall also agree with them on joint actions at the elections although we realize that this party will never join us as a collective member.

[Moiseyev] What are the prospects for the movement's development after the elections?

[Vid] We are forming our movement as an all-Russian sociopolitical organization which will unite people even after the elections on the basis of the desire for stability.

[Moiseyev] But in the long term do you intend to transform the movement into a party?

[Vid] Such a moment could come when the movement will be transformed into a party. But that will depend on the congress.

[Moiseyev] What organizations do you consider your main rivals?

[Vid] Above all the parties and movements whose activity is aimed at confrontation and extremism in our society. For instance, I recently read Zyuganov's latest report. That report, particularly its concluding part, contains what are in my view very terrible conclusions. Particularly when it says that today the people are inert and cannot be stirred to strike or raised in a wave against the authorities, in connection with which the democratic path of coming to power is being accepted by the Communists only out of necessity. You can understand for yourself that this is a desire to return to 1917. That is very dangerous for the country.

We have very great ideological differences with the Agrarian Party leadership. Today new approaches and a new agrarian policy are needed. Not the policy which the Agrarian Party leadership is pursuing when it asks for agriculture to be given everything, after which it will not have any interest in anything. We have produced more combines and tractors than anyone in the world and in previous years the country spent $24 billion a year on the agrarian complex, including grain purchases abroad. And nothing could plush agriculture to feed the country.

Our task is to feed ourselves but the measures which the Agrarian Party leaders see cannot be implemented in the present-day economy without major social upheavals. And most important they will not bring agriculture up to the level which we need. So here we shall seek to explain our position and to work with the peasant sector.

And of course we do not agree with the party of Zhirinovskiy whose ideas and ideology leap around like an oscillograph although in principle he has collected quite strong ideologists and scientists whom I know as my pupils. But the leader's unpredictability.... They are people with whom we shall fight by democratic means.

[Moiseyev] How active is your stance at the talks with other parties and movements?

[Vid] We immediately enter into contact, and with pleasure, with all those who come to us. And we ourselves go halfway to meet them. Here we work not only with parties but also with the deputies' corps. And there is an enormous number of people there who have been through a school which none of today's politicians have. So I believe that this is our golden fund and it should be helped to join the next Duma.

[Moiseyev] Do you plan any sums for expenditure on financing the election campaign?

[Vid] So far our financial situation is very complex although people have already accused us of having large sums of money. In actual fact we have received wages for the first time in two months. Knowing the prejudiced attitude toward us I want to state that we are acting strictly within the framework of the law. Of course money will be tight, but we are appealing to enterprises and the population for support. I hope that such aid will be rendered to us within the limits of the law and the framework of sponsorship and we are using these funds for their intended purpose.

Actually, we do not need large amounts of money especially as we do not want to use the principle of their centralized distribution. The regions themselves will decide their financial issues within the framework of legislation and we shall help them primarily with advice, not money.

[Moiseyev] Which government members do not belong to your movement?

[Vid] The majority of ministers have stated that they support us and want to take part in our work but we have not yet drawn up individual membership. Today we do not have a single individual member because we were waiting for the signing of the law on State Duma elections. Now the law is in operation and we are prepared to begin registration. At the level of ministers' personal attitudes I can say that only Zaveryukha, Nazarchuk, and Chubays have stated they are not taking part.

My attitude is that the executive committee does not need bosses — we have been through all that. In appealing directly to the regions we are resolving all questions far more rapidly than would be the case if we were to turn to ministers because they would also start to resolve them through the regions.

[Moiseyev] How has Russian big business reacted to the creation of your movement and have many people supported you?

[Vid] In my previous work I had to take part in studies of business activity in Russia. There were extensive contacts with large enterprises, business, and the banking sector. So that I have established very good relations with many representatives of that sphere of the economy which I can use in my new work in order to consider the opinion of financial circles. I think that we shall have contacts with big business by proceeding from the goal we are setting ourselves — investment activity in Russia.

[Moiseyev] What result at the forthcoming elections would you need to say that the movement has not lost?

[Vid] That forecast requires a very detailed analysis of the situation. Of course, the more the better. But I am sure of one thing: The "Russia Is Our Home" movement should form a bloc with all progressive forces. All those who stand for stability and headway on the path of reforms and who are against civil war are our allies.

Expert Views Comeback of 'Old Political Elite'

MK1207131495 Moscow SEGODNYA in Russian 12 Jul 95 p 2

[Report by Viktor Khamrayev under the "Forecast" rubric: "The 'Budennovsk Syndrome' Will Force the President To Bank on the 'Old Elite.' A Political Science Professor Sees the Comeback of Former Oblast Party Committee Secretaries as Heralding the Consolidation of Russian Society"]

[FBIS Translated Text] Dmitriy Olshanskiy, professor of political sciences, head of the Strategic Analysis and Forecast Center, has assured journalists that Russia is 75 to 85 percent certain to get a "confederative" Duma after the elections.

According to its general director, such is the accuracy with which the center's forecasts "hit the target." The forecast regarding the new Duma's structure was calculated by "strategic analysts" following the events in Budennovsk and related developments, which enabled the center's experts to promptly prepare the report "The Budennovsk Syndrome in Politics." In the opinion of Professor Olshanskiy, the confederative ambitions of the regions are being triggered by the federal authorities. First, "they launched the mechanism of disintegration at the state level" (USSR), and now — in tune with the mechanism's intrinsic rhythm — special rights and powers are being granted to various Federation components.

After the hostage seizure in Budennovsk, however, if you accept the "syndrome" version, it became obvious that the "authoritarian tip of the iceberg" of Russian reality is, in fact, a "camouflage," as Olshanskiy terms it. In the professor's opinion, "Yeltsin's enlightened authoritarianism has proved helpless when confronted with Basayev's criminal authoritarianism." As for the "competition" between the president and the prime minister having been exposed to public view, according to Mr. Olshanskiy's observations, this has led to the "weakening of the presidential power and a marked strengthening of Chernomyrdin."

The Strategic Analysis Center head believes, however, that the executive branch has not been strengthened in any way as a result of these developments. On the contrary, the position of the Duma "has become greatly fortified." In this connection, the professor predicts that on 19 July another attempt will be made by the Duma to pass a vote of no-confidence in the government. After having listened to the budget message for next year, the parliamentarians, Mr. Olshanskiy believes, will not fail to discuss the fulfillment of the 1995 state budget over the past six months. The professor considers that quite probably this discussion will end in a vote of no confidence in the cabinet of minister — this time for economic reasons.

In such a situation, as journalists were informed, there are two possible ways that things could develop — a "tightening of the screws" by the president and his closest entourage (as an attempt by the regime to become really authoritarian), or "a waning of the regime." The logic of the "Budennovsk syndrome," however, will allow neither of these to happen.

The legislative branch, spurred on by its election concerns and the desire to secure its success in opposing the executive branch, will shift its attention to the provinces. In Mr. Olshanskiy's opinion, this hypothesis is supported by the fact that leaders of all electoral blocs without exception are actively travelling throughout the country and assigning an ever growing number of places in the party slates to regional leaders. Therefore, the future Duma, according to Dmitriy Olshanskiy, will have strong confederative aspirations, accompanied by a wish to put the president in the position of "the king on a sharing basis."

As for the executive branch, it will opt, for the sake of its own survival, for the regime — which Mr. Olshanskiy termed as "oligarchic" — to be gradually modified. Moreover, the professor believes that it is not the government, but the president and his closest entourage who set the tone of the regime. Boris Yeltsin, as seen by the Analytical Center director, has been forced to alter the alignment of forces ("at the personal level") in his own entourage, and he has already embarked on this.

Dmitriy Olshanskiy believes that the impending changes in the regime are being heralded not by the fact that the power ministers have already been dismissed from their posts (the political science expert reckons that Pavel Grachev will remain in office for no more than three or four months). The head of the center for strategic forecasts finds it significant, in this context, that Arkadiy Volskiy was commissioned to conduct negotiations with the Chechen fighters. Thus, he concludes that the "oligarchic" regime is attempting to attract the "old political elite," whose services were previously rejected.

Mr. Olshanskiy views such a turn of events as being in fact positive. The center's director classifies as the elite the former "oblast party and executive committee cream," who, according to Mr. Olshanskiy, have been "20 percent replaced by the new Russians — both legal and criminal ones." The professor is definite that "we have no other" political elite. Mr. Olshanskiy hopes, however, that the one that we do have has not lost its administrative skills over the years of perestroyka and reform, but, instead, has had time enough to "change its outlook" to meet market requirements.

For that reason, after coming into the political arena, the "old elite" will be able (if Mr. Olshanskiy's forecast turns out to be correct), first, to prevent the emergence of a "super new elite," which, in the present setting, the professor thinks, may crystallize only out of the criminal world. Second, the "old elite" with a new outlook is more than anyone else inclined to attaining consolidation. And this, following Dmitriy Olshanskiy's logic, could "mark the beginning of the consolidation of the entire society," safeguarding it from disintegration processes.

Constitutional Court on Chuvashia Elections

LD1207170495 Moscow ITAR-TASS in English 1440 GMT 12 Jul 95

[FBIS Transcribed Text] MOSCOW, July 12 (ITAR-TASS) — The decision of the Russian Constitutional Court recognizing violations during the last year parliamentary election in Chuvashia (central Russia) does not contain any preconditions for the dissolution of the Chuvash legislature, and cannot be considered the basis for [as received], the Russian Constitutional Court press service said in a statement circulated on Wednesday.

The statement was a response to Chuvash president Nikolay Fedorov's remark on June 12 that he "has the legal right to dissolve the republic's State Council (parliament), as the Russian Constitutional Court recognised the inadequacy of the election procedures of almost one third of the Chuvash State Council members."

Nevertheless, the Court's decision dated June 10 confirmed the legitimacy of the Chuvash parliament and the powers vested in its members who had been elected according to the law on the election of members to the State Council of the Chuvash Republic of November 24, 1993, the press service said.

Thus, the Chuvash president has no right to adopt decisions on the dissolution of the State Council without complying with the rules set by the republic's constitution and without a special judgment of the Chuvash constitutional control body, the statement said.

However, the Russian Constitutional Court has no right to issue such a judgment, according to the statement.

Media Issues

Deputies Blocking Media Support Identified

954F2766B Moscow ARGUMENTY I FAKTY in Russian No. 28, Jul 95 p 2

[Unattributed report under the "Anti-Heroes" rubric: "Who Is Strangling the Free Press?"]

[FBIS Translated Text] Over the past year numerous newspapers and magazines have ceased publication. As a rule, these are independent publications, founded by journalists themselves. Soon there will be nothing to read and see other than pornography, government newspapers, and financial newspapers. To avoid this, the State Duma and the Information Policy Committee have been struggling for a year and a half to get a law on state support of the mass media adopted.

The Federation Council, having looked into the substance of the problem, is ready to approve it. Deputy Prime Minister V. Ignatenko promises to convince President B. Yeltsin that such a law is needed. All that is left to do is adopt three corollary amendments to the laws on foreign currency and tax regulation and on custom duties.

But even here things have run aground. Some State Duma deputies have blocked the road for free journalism. The argument is quite naive: Why give preferences only to the mass media? But in most free countries the mass media are tax exempt and do have such preferences. Not for the purpose of "fattening them up"—this is not going to happen anyway, but in order to keep the press from servility to dishonest rulers.

This is food for thought for future voters. Because the additional burden of high prices for newspapers will fall on their shoulders. Below is a list of those through whose efforts the draft law fell through.

Yabloko: A.G. Arbatov, M.M. Zadornov, A.Yu. Mikhaylov, G.A. Yavlinskiy, and others. The Agrarian Party, A.Kh. Zaveryukha, G.V. Kulik, A.G. Nazarchuk, A.G. Puzanovskiy, and others. Russia's Choice: P.G.

Bunich, Ye.T. Gaydar, V.I. Golovlev, Yu.S. Gusman, M.A. Danilov, A.M. Yemelyanov, G.I. Zadonskiy, B.A. Zolotukhin, V.N. Manannikov, Yu.A. Nisnevich, A.A. Osovtsov, V.V. Pokhmelkin, A.P. Pochinok, L.A. Radzikhovskiy, Yu.A. Rybakov, V.V. Savitskiy, I.V. Starikov, V.I. Tatarchuk, G.A. Tomchin, A.B. Chubays, A.Ye. Shabad, and others; Democratic Party of Russia: S.Yu. Glazyev, S.S. Govorukhin, K.F. Zatulin, G.Yu. Karelin, S.S. Sulakshin, and others. Independent deputies: V.A. Bauer, V.A. Boyko, A.P. Braginskiy, N.N. Lysenko, A.M. Makarov, N.I. Travkin, I.G. Ustinov, B.G. Fedorov, and others. The Russia Group: A.P. Aulov, V.A. Davydkin, I.B. Zubkevich, V.A. Lepekhin, I.Ye. Novitskaya, A.V. Ochirova, A.A. Piskunov, A.G. Popov, V.A. Ryzhkov, S.N. Shulgin, and others. Stability: A.I. Generalov, B.B. Khamsuyev, R.F. Ismailov, V.P. Lednev, A.I. Leushkin, V.I. Ustinov, and others. The Communist Party of the Russian Federation: Yu.Yu. Leonov, G.N. Seleznev; the remaining 45 persons—"for"(!). The Liberal Democratic Party of Russia: A.M. Dorovskikh, V.V. Zhirinovskiy, V.A. Lisichkin, S.A. Churkin, and others. The Party of Russian Unity and Accord: M.L. Goryachev, V.A. Nikonov, S.P. Polovnikov, A.V. Turbanov, S.A. Shapovalov, S.M. Shakhray, A.N. Shokhin, and others. Women of Russia: I.Ye. Vybornova. New Regional Policy: K.D. Arakchayev, S.V. Burkov, A.S. Dzasokhov, V.S. Medvedev, Ye.L. Tishkovskaya, and others.

Military Issues

Defense Ministry Said Out of Money To Pay Debts

LD1207150995 Moscow INTERFAX in English 1034 GMT 12 Jul 95

[FBIS Transcribed Text] MOSCOW, July 12 (INTERFAX) — Russia's Defense Ministry owes 900 billion rubles to communal services for the first half of 1995 alone, the head of the Main Budget Department, General Vladimir Osadchiy, told INTERFAX.

According to Osadchiy, virtually all of Russia's garrisons experienced interruptions in the supply of hot water, gas and electricity.

Osadchiy said the interruptions affected the combat readiness of the armed forces.

"Though, there still are organizations which understand our problems and offer the garrisons communal services in credit," he added.

At the same time, he found it difficult to say when the Defense Ministry will be able to pay off the debt. "The ministry does not have money," he noted.

Electricity Cut Off to Siberian Military Bases

LD1207202395 Moscow ITAR-TASS World Service in Russian 1643 GMT 12 Jul 95

[By ITAR-TASS correspondent Andrey Fomin]

[FBIS Translated Text] Chita, 12 Jul (ITAR-TASS) — There have been no electricity supplies to some vital installations in the Transbaykal military district [TMD] for over 24 hours. Mains supplies to the headquarters and a number of military garrisons have been cut off because of delays in settling the bills of the Chitaenergo joint stock company.

Lieutenant General Nikolay Kormiltsev, first deputy commander of the TMD troops, told an ITAR-TASS correspondent today that the military district managed to repay one-third of its past due bill for electricity amounting to nearly 20 million rubles by issuing promissory notes. At the moment, the military have no other way of repaying their debt to the power engineers.

At the same time, the TMD command has demanded that the prosecutor's office of the Chita Region institute legal proceedings against the local administration and the management of the Chitaenergo company for violating the resolution of the Russian Federation Government that forbids cutting off military installations from main electricity supplies.

Federal Assembly

Duma Condemns NATO Air Strikes on Bosnian Serbs

LD1207151795 Moscow ITAR-TASS World Service in Russian 1428 GMT 12 Jul 95

[By ITAR-TASS correspondent Pavel Kuznetsov]

[FBIS Translated Text] Moscow, 12 Jul (ITAR-TASS) — Today the State Duma condemned the new NATO air strikes against Bosnian Serb positions near Srebrenica. It stressed yet again in its statement that a situation has arisen when the provocations of troops of the so-called Muslim-Croatian Federation, which are not being met with a rebuff on the part of the West and the United Nations, are calling forth a reaction from the Serbian side, followed by unilateral forcible intervention by NATO. This obstinately recurring vicious circle will only result in more casualties and in continuing bloodshed in the former Yugoslavia, the Russian parliamentarians think.

Duma Passes Draft Law on Yugoslav Sanctions

LD1207210195 Moscow INTERFAX in English 1733 GMT 12 Jul 95

[FBIS Transcribed Text] MOSCOW, July 12 (INTERFAX) — The State Duma passed a draft law on ending

Russia's participation in the implementation of international sanctions against the United Republic of Yugoslavia in its second reading today.

A total of 246 deputies voted for the draft law with three abstentions.

The draft law was proposed by the factions of the Agrarian Party, the Communist Party, the Liberal Democratic Party of Russia and the inter-parliamentary deputy group on relations with the United Republic of Yugoslavia.

The draft proclaims that there are no reasons to continue with sanctions against Yugoslavia, which has fulfilled all the demands of the U.N. resolution and does not participate in the conflict on the Balkans.

The State Duma proposed that Russia fully renew political, economic and cultural cooperation with the United Republic of Yugoslavia's state bodies, enterprises and organizations. Under the draft law, Russian individuals and legal entities can establish and maintain without any restrictions all kinds of relations and carry out trade and other operations with the United Republic of Yugoslavia's individuals and legal entities.

The draft law will undergo additional scrutiny by the parliamentary committee on international affairs prior to its third reading.

START II Treaty Submitted for Ratification

MK1307101095 Moscow SEGODNYA in Russian 13 Jul 95 p 2

[Report by Petr Zhuravlev in the "Weapons" column: "Representatives of the Defense and Foreign Ministries Have Spoken Out in Favor START II Ratification. The Treaty Has Been Submitted for Ratification 'Not at the Best of Times,' Believes a Duma Defense Committee Deputy Chairman"]

[FBIS Translated Text] Closed hearings have been held in the State Duma on the problem of ratification of the START II Treaty, organized by the house Defense Committee and International Affairs Committee. "The hearings have marked the beginning of the process of ratification of this treaty, which was recently submitted by the president to the Duma," Aleksandr Piskunov, deputy defense committee chairman, told SEGODNYA. He observed that "the timing for this has not been the most auspicious because the closer the election campaign, the greater the probability that all questions bearing on START II will be used as a bargaining chip in political struggles, while the Armed Forces will again end up as hostage."

According to Piskunov, the hearings were closed "both in view of the complexity of the treaty itself and the need to consider not only modern weapon characteristics but also the makeup of strategic nuclear forces after ratification." The deputy said that "assessments by the Main Intelligence Directorate of the Russian Federation Armed Forces General Staff of the prospects for weapon modernization and development by other members of the nuclear club, primarily the United States," were also discussed.

Representatives of all branches of the Armed Forces possessing nuclear weapons took part in the hearings: the Strategic Missile Forces, which, according to Piskunov, are the "foundation of nuclear deterrence;" the Navy, and the Air Forces. Emissaries of the General Staff, the Ministry of Foreign Affairs, and the State Committee for the Defense Sectors of Industry took the floor. "In spite of a rather tough discussion, all of them said the treaty should be ratified," Aleksandr Piskunov said, noting that "some qualifications were made in the process."

The first qualification — with which, according to the deputy defense committee chairman, "everybody agreed" — was the unconditional implementation of the 1972 ABM Treaty. Another was that the "time frame for the implementation of START II be closely linked with Russia's economic capabilities." Piskunov remarked that "without the coordination of efforts by Russia and the United States it will hardly be possible to implement the reduction program within 10 years, especially given that it has already been two years since the treaty was signed." And finally, the third qualification is that the ratification of START II "should be accompanied by the high-priority mandatory allocation of budget funds to support the structure and composition of the strategic nuclear forces which will remain after the implementation of the treaty."

"If Russia is still considered a great power, it is mainly because we have modern strategic nuclear forces whose characteristics have always been superior in the world," Piskunov stated. According to him, "these are the cheapest and most effective weapons: 5-7 percent of the defense budget ensure 90 percent of the deterrence tasks."

Accords on the further reduction of strategic nuclear weapons "are needed right now," the deputy believes. "This is absolutely clear," he said. "Both Chernobyl and scientific studies related to the effects of nuclear weapon uses suggest that the understanding of unacceptable damage that existed in previous years has now become obsolete." Even Ronald Reagan said that "just one warhead falling on U.S. territory will cause unacceptable damage," Piskunov recalled. He stressed that "the arms race has led us to joint and united [solidarnaya] responsibility for security and stability in the world and also to the understanding that this stability can be ensured at a much lower level of strategic nuclear weapons." The nuclear threat today consists not in confrontation between America and Russia," the deputy chairman said, "but in the proliferation of nuclear weapons in the world and in the fact that other members of the nuclear club can be tempted to develop further."

On the other hand, he noted: "While admitting that there will be further cuts, now it is senseless to invest in creating new types of missiles, and in modernizing the Air Forces and submarines. It would be better at this stage to reach basic agreement on subsequent reduction levels." According to Piskunov, "the real fear of the consequences of the use of nuclear weapons is a very powerful restraining factor even at a level below 3,500 warheads on each side."

Aleksandr Piskunov is convinced that "the potential that Russia today has far exceeds the level necessary to inflict "unacceptable damage" on any enemy and even on all enemies at once, in any part of the globe, except a small area of the Antarctic." "Everybody in the world understands this," he stressed, "and fears us, afraid that we shall lose control of our strategic nuclear forces."

The Duma Defense Committee deputy chairman also observed that substantial funds are needed to maintain the combat readiness of the nuclear forces, to develop and adopt for service new precision weapons and delivery vehicles, and modern equipment for personnel, which must be provided no matter what. "Otherwise we shall lose everything and have an army that can fight and win only at the price of soldiers' lives," Piskunov said.

Increased Security in Stavropol Region Proposed

LD1207210095 Moscow INTERFAX in English 1733 GMT 12 Jul 95

[FBIS Transcribed Text] MOSCOW, July 12 (INTERFAX) — The Russian State Duma recommended today that the Russian president take additional legal, organizational and other measures in order to ensure security in the Stavropol Region.

An INTERFAX correspondent reports that the State Duma adopted the resolution on the situation in the Stavropol Region in response to the appeal of the Stavropol State Duma which said that the Budennovsk tragedy had exhausted the patience of Stavropol Region residents.

Stavropol Duma deputies demanded that the Russian president urgently resolve the problem on arming the Stavropol Region's law enforcement with the most modern armaments, including armored equipment and helicopters, and the problem on giving the region a status of a region close to the border with a special regime for residency, movement of people, use of land and real estate.

The Russian State Duma instructed several its committees to draft a law on the special status of the Stavropol Region.

Chuvash Election Law Change Seen Unconstitutional

MK1207075495 Moscow SEGODNYA in Russian 11 Jul 95 p 2

[Report by Aleksey Kirpichnikov under the "Constitutional Court" rubric: "President Fedorov Has Succeeded in Having One-Third of Chuvash Deputies Recognized as Unlawful. However, He Is Unable To Annul Their Decisions"]

[FBIS Translated Text] The "Chuvash case" was finally resolved at the Constitutional Court yesterday. The judges' verdict declares that the change made to the procedure for electing local government, the State Council, was unconstitutional.

The change was made after March 1994, when only 33 of 47 deputies to the State Council could be elected. The then republic law imposed a 25-percent minimum voter turn-out, which could not be reached in 14 constituencies. Some 33 deputies decided to fill the vacancies in the council by abolishing the minimum requirement, and they amended the election law correspondingly. After this, in November, the State Council was successfully elected in full, enabling it to make certain decisions with a greater ease — for instance, to override the Chuvash president's veto of certain draft laws that are not to his liking by 32 votes (out of 47, instead of 33).

Nikolay Fedorov, the Chuvash leader, sent a written question to the court as to whether the amended article in the election law was constitutional. The former Russian justice minister presented two arguments. First, that it was unlawful to change the election law during the election campaign, since it led to the principle of equal suffrage (for both voters and the deputies elected under different procedures) being violated. Mr. Fedorov's second argument was not of a legal nature: It emphasized the fact that the abolition of the minimum voting requirement made the Chuvash legislative branch unrepresentative.

Naturally, the court had nothing to say about the idea of requiring a specific percentage of voters to participate in forming the parliament of a Federation component. It upheld, however, the unconstitutionality of amending the election rules while elections are in process. The court corrected the former justice minister: It was not the amended article of the election law, and not even the law on amending it that was unlawful — the State Council has the right to pass such acts. In the court's opinion, however, the procedure for enacting the amendment — which is also a subject for consideration by the Law on the Constitutional Court — during the course of the elections is unconstitutional.

The court confirmed that the powers of the 33 "original" deputies, as well as of the State Council at large, are legitimate. As for the remaining 14 deputies, it was said that the central election commission's (CEC) decision recognizing the validity of the election results and the corresponding document issued by the republic election commission should be reexamined. If it is decided to hold a fresh by-election in Chuvashia, it will be held in accordance with the unamended law.

At the same time, the amendments were found totally constitutional, but it will be only the next republican parliament that can be elected without the 25-percent minimum requirement.

Therefore, the judgment does not say explicitly what to do about the State Council's decisions that were made by a dual set of deputies — whether they are to remain in force, be annulled completely, or be regarded as valid only if adopted by the appropriate number of votes of "legitimate" parliamentarians. In this respect, the Chuvash president facilitated the task for the Constitutional Court since he had not thought of including in his question a request to examine the validity of those decisions not to his liking that had been adopted by the "legitimate" State Council with the participation of some deputies who would become "illegitimate after the CEC reverses its decision."

Yuriy Rudkin, Constitutional Court secretary, who presided over the case, warned your SEGODNYA correspondent over the telephone against drawing any hasty conclusions and made predicting the consequences of the court's decision even more complicated — the validity of just 33 deputies does not mean the automatic non-validity of the remaining 14, but only the need for the CEC's decision to be re-examined.

Mr. Rudkin's diplomacy is quite understandable. For the average person, the non-legitimacy of a by-election would seem sufficient reason for the decisions made by the full State Council to be regarded as illegitimate. For the Constitutional Court secretary, however, this is not only not obvious but also — as it would be for a lawyer — wrong, since it has not been proven; and it has not been proven because nobody asked for it to be.

Incidentally, even if Mr. Fedorov had been farsighted enough to have enlarged his question, the Chuvash president's triumph would have been highly improbable. The Constitutional Court did not call into question the legitimacy of the State Council — therefore, the parliamentary decisions cannot be cast aside "wholesale." As for the procedure for counting the number of "legitimate" and "illegitimate" votes when laws are being passed, this has not been worked out and anyway is beyond the competence of the Constitutional Court.

In addition, unlike the "shortsighted" Mr. Fedorov, the people who drew up the State Council's standing orders proved rather shrewd — there is no institution of roll-call voting at the State Council. Therefore, even overriding a presidential veto by two-thirds of the deputies is not refutable by law — it requires 32 votes, i.e., there is a more than zero probability that the veto could be overridden by 32 of the 33 authorized parliamentarians. Since this is possible, it is valid unless disproved legally.

Current, Upcoming Debates in Duma Viewed

MK1207125295 Moscow ROSSIYA in Russian No. 21, 12-18 Jul 95 (Signed to press 11 Jul 95) p 1

[Report by Lyudmila Nefedova: "Sick and Tired of Being a Good Child"]

[FBIS Translated Text] Hardly had some sensible heads brought the Duma to reason and made it once again trust its own government, than it became unruly once again. It has decided to start the procedure of impeachment against the president. The initiative has been supported by the Communists. The latter have been backed by the DPR [Democratic Party of Russia] and the LDPR [Liberal Democratic Party of Russia]. Most of the deputies are skeptical about this move mainly because the impeachment procedure is unrealizable under the current constitution. Yet, the word is out, the case is made, and a commission will be formed this week to review the charges against the president.

Another obstinate act of the parliamentarians was the passing in the second and third readings at once a law on the procedure for forming the Federation Council of the Russian Federation Federal Assembly. Drafted by the indefatigable doctor of juridical sciences Vladimir Isakov together with a number of senators of the analogous committee of the upper house, the document was approved by the deputies. The approved version decrees that Federation Council members be elected "by citizens of the Russian Federation on the basis of general, equal, and direct suffrage by secret ballot." Besides, half the members of the upper house ("not less than one member of the Federation Council from each component of the Russian Federation"), says Article 3 of this law, shall "work in the Federation Council on a professional basis and cannot be in civil service."

A rumor on the passing of a democratic law, albeit uncomfortable for many people, reached V. Shumeyko minutes later. The latter instantly "burst into" an angry interview on television, saying the document did not correspond to the Russian Federation Constitution. It contains an article speaking about "the formation of the Federation Council rather than about its election." Later in the day, meeting with I. Rybkin in the Kremlin, the president himself "drew the attention" of the State Duma head to the fact that the passed law "contravenes the Constitution." Rybkin agreed with the head of state. The Federation Council is yet to consider this law, but everyone realizes that the senators are not going to pass it. Debates are raging in the Duma corridors regarding the draft on the drawing of the borders of electoral districts suggested by the Central Electoral Commission. They are wondering how 1.4 Russian voters "were lost." Why is it that, according to the Central Electoral Commission's figures the number of voters, compared with the fall of 1993, has dropped by 1.7 million, whereas Russia's total population has decreased by 300,000? Most of the deputies taking part in discussing the Central Electoral Commission's draft concerning the borders of electoral districts spoke against it. Their forecast is as follows: the Duma will turn down this variant.

During the same week, the parliamentarians will discuss a request to the government regarding the proposal received by the Cabinet of Ministers from the Russian Federation Committee on the Press on setting up an economic society called "Russian Book" [Rossiyskaya kniga]. This secret document came to the knowledge of Igor Yakovenko, member of the Duma Committee on Information Policy and Communications. Under a plan conceived by S. Gryzunov and the owner of the "Terra" publishing house, the administration of Russian book publishing is to actually pass into the hands of the "Bertelsmann A.G." West German book publishing concern. Plans call for including in "Russian Book" all major state-run publishers and book trading associations....

Laws Adopted by State Duma 12-13 Jul

Law on Taxation

LD1207132895 Moscow ITAR-TASS in English 1249 GMT 12 Jul 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] MOSCOW, July 12 (ITAR-TASS) — Russian legislators passed on Wednesday a federal law to amend an earlier regulation establishing basics of Russia's taxation system. The document describes taxes and charges which shall be collected by federal, regional and local governments.

Federal taxes include the value added tax, excise duties for certain goods and types of mineral resources, the federal corporate income tax, taxes related to the use of natural resources, the individual income tax, the customs duty, the sales tax on fuel and lubricants, and taxes on the use of highways and motor vehicles. Federal charges include customs fees, the state fee, and charges for granting patents, licences and certificates of registration.

Regions are entitled to collect a regional corporate income tax, and a corporate property tax, and charge regional registration and licensing fees. Local taxes include a land tax, an individual property tax, taxes on gifted or inherited property, and municipal taxes. Local charges include hotel and resort user's fees, and local license and registration fees.

The amended law also provides for tax credits and fee reductions to be established by specific laws and regulations, as well as for preferential tax regimes used for free economic zones and small business support.

Under the law, if a tax authority determines a tax evasion, the violator shall be fined in the amount of 50% of the outstanding sum.

In case of delayed tax payments, the property of a person guilty of such violation can be seized and disposed of to cover the debt.

Law on Federal Budget

LD1207140895 Moscow ITAR-TASS in English 1345 GMT 12 Jul 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] MOSCOW, July 12 (ITAR-TASS) — The federal law on the order of consideration and approval of the federal budget for 1996 was adopted on the whole by the State Duma today.

The law envisages that the Government of the Russian Federation shall submit to the State Duma a draft of the federal law on the federal budget for 1996 before August 1, 1995 attaching to this document preliminary results of the social and economic development of the Russian Federation for 1995 and a forecast of the social and economic development of the Russian Federation for 1996, as well as amendments and additions to the tax legislation of the Russian Federation.

Besides, the document presupposes that within a month after the law on the budget for 1996 comes into force, the government will submit for consideration and approval by the Duma a draft of the distribution of revenues and expenditure of the federal budget for 1996 on a quarterly basis.

In the event the draft of the 1996 budget is not adopted before January 1, 1996, the law stresses, the State Duma shall pass a federal law on financing state expenditure from the federal budget in the first quarter of 1996.

Law on Government Share Sales

LD1207152495 Moscow INTERFAX in English 1407 GMT 12 Jul 95

[FBIS Transcribed Text] MOSCOW, July 12 (INTERFAX) — The Russian State Duma, the lower house of parliament, approved by 255 votes a new law allowing parliament to take decisions on the sale of government-owned shares Wednesday.

The law says the Federal Assembly is authorized to approve next year's budget together with a list of government-owned shares to be sold in 1996 and that of federal property to be contributed as part of instalment into charter capitals of companies and partnerships.

In the meantime, First Deputy Prime Minister Anatoliy Chubays, who gave a negative response to the proposed legislation, said it would amount to a transfer of executive functions to the legislature, which is in violation of constitutional provisions on the delineation of authority between the Duma and government.

He said the two lists liable for parliamentary approval included more than 6,000 companies.

Law on Continental Shelf

LD1207183595 Moscow ITAR-TASS in English 1622 GMT 12 Jul 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] MOSCOW, July 12 (ITAR-TASS) — The Russian State Duma has passed a federal law on the continental shelf of the Russian Federation today.

The law envisages that the internal frontiers of the continental shelf are the external borders of a territorial sea of the Russian Federation, and the outward boundary of the continental shelf will be at the distance of 200 miles from the initial lines from which the width of a territorial sea is measured.

Parts of the continental shelf, the law notes, may be given to Russian and foreign natural and legal persons (users), in particular, for searching for deposits of minerals, as well as for their prospecting and developing.

The granting of parts of the continental shelf to users is determined by the economic interests of the Russian Federation and is carried out in such a way that the priority rights, other things being equal, are given to those users who use the possibilities of Russian enterprises and the industry to a maximum extent.

According to the law, the right to use living resources within the limits of the continental shelf is accorded to Russian and foreign natural and legal persons (applicants), as well as to foreign states and competent international organizations.

Licenses for catching living resources are issued to Russian and foreign applicants by appropriate federal bodies dealing with fishing. A license for catching is valid during 12 months and within specified areas of catching and types of living resources.

Every vessel engaged in catching within the limits of the continental shelf, must have an original of a license for catching, the law stresses.

Law on Fighting Organized Crime

LD1207185195 Moscow ITAR-TASS in English 1624 GMT 12 Jul 95

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, July 12 (ITAR-TASS) — The Russian State Duma, the lower parliament house, on Wednesday approved a legislative act long awaited by the law-enforcement bodies.

The law "On Fighting Organised Crime," consisting of 60 articles, for the first time introduces such notions as organised crime and organised criminal group into Russian law.

According to the new law, the creation or running of an organised criminal group or criminal organisation is punishable with ten to fifteen years in prison with confiscation of property. An official is to be imprisoned for a term of 15-25 years for similar actions.

Participation in an organized criminal group is to be punished with three to seven years in prison with confiscation of property.

The law also establishes a special order of recognizing a criminal as a particularly dangerous recidivist and regulates the specifics of conducting cases of organised crime.

Law on Oil, Gas

LD1207205695 Moscow INTERFAX in English 1733 GMT 12 Jul 95

[FBIS Transcribed Text] MOSCOW, July 12 (PIA-INTERFAX) — The Russian State Duma adopted the law on oil and gas today in both the second and third readings at once.

The law was proposed by the State Duma Committee on Industry, Construction, Transport and Energy.

The draft law was considered in the first reading in autumn 1994. Since then it has been amended and changed in line with legislation and amendments proposed by the parliamentary committees and the federation's constituent members.

An INTERFAX correspondent reports from the State Duma that the law's key provisions define the right for prospecting and extracting oil and gas when holding a license received as the result of a competition. The winner of the right to extract natural resources will be selected based on the pace and efficiency of the scheme for conducting geological exploration, the schedule for beginning oil and gas extraction and bringing it to the maximum level and based on guarantees for regular payments.

Under the law, however, in exceptional cases a license can be given without regional authorities holding a competition.

Such a decision may also be made if the potential contender has unique technology for developing oil and gas fields, if the oil or gas field is unprofitable, if only one application for the competition was received or if access to licensed natural resources is limited. The license holder may transfer the right to use natural resources.

State Duma experts told INTERFAX Petroleum Information Agency that the law would be supplementary to the already adopted law on natural resources and the production-sharing law recently approved by the State Duma. The law on oil and gas will only regulate the legal mechanism for producers of hydro carbons to use the system of pipelines.

Law To Protect, Restore Railways

LD1207213395 Moscow ITAR-TASS World Service in Russian 1358 GMT 12 Jul 95

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Translated Text] Moscow, 12 Jul (ITAR-TASS) — The State Duma passed a law "On the railway troops of the Russian Federation" today. Their mission is to protect and restore railways and to control access to them. They will operate both in time of war and of peace.

In time of peace it will be their responsibility to maintain their combat and mobilization readiness, as well as to organize and carry out the preparations for protecting and restoring the most important railway installations. During the war, the railway troops will fulfill much more complicated functions under the law, especially in the operation zones of strategic formations and in the rear areas.

The commander of the troops is appointed by the president of Russia. Citizens for whom the railway troops are the first place of military service, take the oath of allegiance. The servicemen belonging to these troops and their families enjoy the same rights and privileges as the servicemen of the Russian Federation Armed Forces and their families. The railway troops are staffed both with military and civilian personnel.

Law on Education

LD1207215695 Moscow ITAR-TASS World Service in Russian 1051 GMT 12 Jul 95

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

[FBIS Translated Text] Moscow, 12 Jul (ITAR-TASS) — A federal law "On amendments and additions to the law on education" was today adopted in principle by the State Duma. The document stipulates that the state ensures citizens' entitlement to education by the creation of a system of education and the appropriate socioeconomic conditions for receiving education. The state guarantees that general primary, general basic, and secondary (full) general education, and primary vocational education are generally available to citizens and free, and that secondary vocational, higher vocational, and postgraduate vocational education in state and municipal educational institutions within the bounds of state educational standards are free on a competitive basis, if the citizen is receiving the particular level of education for the first time.

Money spent on studies at fee-paying nonstate educational institutions that have state accreditation and provide general education programs is reimbursed to the citizen at the levels stipulated by state normatives for expenditure on the training of citizens at a state or municipal educational institution of the corresponding type and class, the law emphasizes.

In addition the law stipulates that state and municipal educational institutions are entitled to provide additional educational services for fees to the public, enterprises, and organizations. In turn the nonstate educational institution is entitled to charge students and pupils for educational services, including for training within the bounds of the state educational standards.

The law also notes that an educational institution is entitled to conduct the entrepreneurial activity envisaged by its rules.

Law on Social Spending

MK1307132295 Moscow SEGODNYA in Russian 13 Jul 95 p 2

[Report by Svetlana Lolayeva under the "Care" rubric: "State Duma Continues To Increase Funding of Social Sphere. Farming and Industrial Lobbies Will Have To Moderate Their Appetites"]

[FBIS Translated Text] The State Duma considered a number of socio-economic draft laws yesterday. The "Law on Minimum Subsistence in the Russian Federation" was passed once again with amendments by the conciliation commission after it had been rejected by the Federation Council. According to the experts, the amendments have made the law even "more radical" than the version passed by the Duma. Now all families with a joint income below the minimum subsistence may claim allowances, while the original Duma version had granted this right only to families where there were more dependents than those able to work. In spring 1995 prices, this law will cost the budget 14.2 trillion rubles and, thus, according to one of the drafters of the law, the deputies voting for such expenditures during budget debates should understand they will have no more of their former freedom to demand subsidies for lossmaking enterprises and the farming sector.

The amendments and additions to the "Law on Employment of the Population in the Russian Federation," in particular, those specifying the status, rights, and guarantees of the unemployed, were passed immediately on their second and third readings. Likewise, the amendments to the "Law on Social Protection of Citizens Affected by Radiation From the Chernobyl Accident" were all passed. According to Oleg Shenkarev from the Labor and Social Support Committee, the law retains all the privileges both for the people who cleared up after the Chernobyl accident and for the population of the contaminated area, and at the same time does not burden the budget with further expenditures. It annuls the foreign trade privileges that the various "Chernobyl" funds and organizations used to have. In addition, the law sets limits to migration from the contaminated areas, that is, anyone who moved to the area after the accident may not claim housing in any other part of the country. The Duma did not pass a decision on yet another rise in the minimum pension, this time to be increased by 1.27 times as of 1 August, as had been proposed by Sergey Kalashnikov, chairman of the Labor and Social Support Committee. Due to the efforts of Ivan Rybkin, who heeded the promises by government members to bring up the issue of pension compensation at the Duma within the next few days, Mr. Kalashnikov's move was not even put to the vote. Instead, it was decided to create a Duma-governmental conciliation commission and resume discussions of the pension issue on 19 July. The deputies, however, on their second attempt, succeeded in passing the "Law on Salary Coefficients and Salary Grades of State Employees" on its first reading despite the explanations by Labor Minister Gennadiy Melikyan that it is the government itself and not the Duma who must determine the salary coefficients, and despite his promise to bring up at the lower house the law on minimum wages indexing.

Regional Affairs

Further Reportage on Chechen Peace Talks

Official Motorcade Ambushed

LD1207202995 Moscow NTV in Russian 1800 GMT 12 Jul 95

[FBIS Translated Text] Our correspondent Andrey Cherkasov has managed to learn some details. We have just received his report from Groznyy.

[Cherkasov] There is still uncertainty at the talks in Groznyy. In the morning the delegations stuck to their same positions. Russia continued to persuade the Chechens that it would go so far but it would not go beyond that point by granting political independence to the republic. The opposing side listened closely, but did not agree. The Chechen delegation is now in a rather difficult position. On the one hand it understands clearly that Moscow is not going to let go of the republic and will do everything possible to see that the results of the future elections are in Russia's favor. But how can this need to find a compromise be explained to the local population? To recognize itself as a component within Russia means to betray their own ideas, to betray their own proclaimed slogan "Freedom or Death" and their brothers who fell for the sake of independence. To some extent the Chechen delegation has become a hostage to its own propaganda, but the issue has to be resolved and if not the militants then the peaceful population needs to be prepared for this, the elders need to be talked to, and it must be explained that such a tough position may be presented in a milder form.

This afternoon Shirvani Basayev, Shamil Basayev's brother, left for the area near Gudermes, accompanied by an OSCE observer. It may have been to talk to the elders. Having successfully passed through a Russian roadblock, the cars went on, but within a kilometer and a half they came under fire from both sides of the road. A grenade from an under-barrel weapon [podstvolnik] flew past two centimeters above the roof of the OSCE vehicle. Fire came from a grenade launcher and automatic firearms. Having made a sharp U-turn, the cars managed to break away in the opposite direction. Shirvani claims that it was an ambush.

[Begin Shirvani Basayev recording] We did not fire back. We knew what would happen if we were to strike back, it would have been a provocation on our part and we would have been blamed for everything. We simply managed to make a U-turn and break away from there. [words indistinct] [end recording]

[Correspondent Vyacheslav Utkin] All three sides at the talks knew about the route of the motorcade, even yesterday. It is difficult to say who was preparing this operation. Anyone can be accused of it. The information was most likely leaked from the mission. The latest provocation aimed at disrupting the talks has failed. The Chechen delegation refused to issue a protest, but an investigation will certainly be carried out. It is unlikely to be successful.

In the afternoon Usman Imayev's Chechen delegation removed from its program for the talks the point on the need to recognize before December 1994 [as heard] the status of the republic as a sovereign state. The passage in the text proposed by the Russian delegation — on both sides recognizing the factual status of Chechnya that existed over the past four years — appeared in its [Imayev's delegation] documents. Again, the wording "factual status" was not clarified. It looks as if the suggestion regarding the adoption of such a point, when neither of the sides feels humiliated or encroached upon, is real. For the time being this is the only chance of concluding the block of political issues and getting the talks going again. The sides think differently and have different attitudes to the status, but its final wording will be decided after the fall elections.

By the evening the OSCE representatives had reported that in a few hours the sides would sign the block of political issues.

The last consultations — to be more precise the last consultations prior to signing the political block of issues — are being held behind OSCE doors. For the time being, it is not known whether the sides agreed on the status of the Chechen Republic. By the time we left to prepare this report no official statements had been made. It is likely that the talks will continue tomorrow as well as the sides have to discuss the third block — economic issues.

Delegation Working on Communique

LD1207201795 Moscow ITAR-TASS in English 1933 GMT 12 Jul 95

[By Oleg Artyushin]

[FBIS Transcribed Text] GROZNYY, July 12 (ITAR-TASS) — The peace talks on Chechen conflict settlement continued in Groznyy on Wednesday.

Sandor Meszaros, head of the mission of the Organisation for Security and Cooperation in Europe (OSCE), told journalists that today's session may last well into the night. At the same time, he said the delegations were working on a joint communique.

The delegations continued to discuss political problems, including Chechnya's status. No agreement has been reached on this issue so far, although the sides had repeatedly pointed out in the last six days that they had many converging views and stated their desire to reach the soonest possible settlement of the conflict.

However, head of Dudayev's delegation Usman Imayev appeared to be in a good mood as he left the OSCE headquarters in Groznyy for a few minutes to meet journalists. Asked if there was any convergence of the parties' positions, Imayev smiled and said "there is some convergence, but opposition still remains."

Vladimir Zorin, first deputy head of the Russian territorial administration in Chechnya, told journalists that "the talks have been intensive and productive."

On Wednesday, the parties to the talks agreed to take joint measures to neutralise one of the illegal armed groups in Chechnya. A military expert taking part in the talks told ITAR-TASS that this will involve the elimination of one heavy artillery system which is now in the hands of that group and the control over which has been largely lost by its leaders.

The Russian military expert said illegal armed gangs had attacked Russian troops 15 times over the past 24 hours, some of the attacks involved heavy artillery. He also noted that Imayev expressed keen interest in the soonest possible elimination of this source of tension.

Talks Postponed Until 14 Jul

LD1307074995 Moscow ITAR-TASS World Service in Russian 0716 GMT 13 Jul 95

[By Oleg Artyushin]

[FBIS Translated Text] Groznyy, 13 Jul (ITAR-TASS) — The continuation of the talks on a settlement in Chechnya has been postponed until 1400 Moscow time tomorrow, Zenon Kukhnyak, a spokesman for the OSCE mission in Groznyy reported today. In an interview with ITAR-TASS, he stressed that those taking part in the talks demanded the break for "further work on clauses in the final document."

This statement by the OSCE mission spokesman confirms information from Usman Imayev, the head of Dudayev's delegation at the talks. He said at 1000 hours today — when a resumption of the talks was still scheduled — that "Chechnya will not work at the talks today." He said this is because "the Chechen delegation needs to continue its detailed study of a number of draft concluding documents that have been drawn up during consultations with the Russian delegation."

We have not yet succeeded in discovering Russia's opinion on the timing for the continuation of the talks. On Tuesday evening, Vladimir Zorin, deputy head of the territorial administration of the federal bodies of executive power in Chechnya, promised journalists "important news by 1000 tomorrow morning" on the talks.

Imayev Must Consult Commanders or Die

LD1307125495 Moscow Radiostantsiya Ekho Moskvy in Russian 1200 GMT 13 Jul 95

[FBIS Translated Text] The situation in Chechnya remains tense, our correspondent reports. The mountainous regions of the republic are still subject to massive artillery shelling. The talks in Groznyy have been adjourned. They are expected to resume tomorrow afternoon. The Chechen delegation has left the town and is heading to the republic's mountainous regions for consultations with Dzhokhar Dudayev.

In an interview with Ekho Moskvy radio station, Usman Imayev, head of the Chechen delegation, explained the need for the break in the talks as follows: If I fail to consult the field commanders I will be killed.

Meanwhile, Salambek Khadzhiyev, head of the Chechen government, told our correspondent that the document on a bloc of political issues is largely ready. He said the draft document noted that the issue of the republic's status will be finally resolved after the elections to the new organs of power and the vote on Chechnya's new constitution.

Situation Around Talks Viewed

MM1207144395 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 12 Jul 95 p 2

[By Vladimir Yanchenkov: "In Search of an Accord. Russian Delegation in Groznyy Acts Realistically"]

[FBIS Translated Text] Groznyy — A crowd of women chants "Dzhokhar Akbar" in front of a police cordon at the OSCE premises. Millions of viewers see them with their emotions running high in the heat on First Channel and Russian Television news broadcasts. But few know that the activities of these people demonstrating their support for Dzhokhar Dudayev are by no means unmercenary. Beslan Gantemirov, member of the government and mayor of Groznyy, informed journalists of this. Dudayev's commissars pay each rally participant $20 a day. Why not go and have a shout for this kind of money?

A report appeared in the local press about Dzhokhar Dudayev holding a meeting of field commanders in the village of Roshnichu, at which he stated that Russia's days are numbered and that he had managed to bring Russia to its knees with the terrorist act in Budennovsk. Such acts, he emphasized, will be continued.

Dudayev's followers are not stopping at just threats. Despite a moratorium being declared for the duration of the negotiations, his gunmen have not halted their attacks on guardposts and are regularly bombarding federal forces' positions. On the evening of 10 July an APC of the Federal Security Service directorate with seven servicemen sitting on top was bombarded by grenade launchers at the approaches to Groznyy. One soldier was killed and six were seriously wounded.

At the current session which opened 11 July, the Russian Federation Government delegation protested these and other provocative actions of the illegal armed formations to Dudayev's side. It was emphasized that these actions were designed to disrupt the current negotiations and put additional obstacles in the way of a peace settlement in the Chechen land.

Despite the active attempts to halt the process to settle the conflict, the negotiating sides have managed to achieve considerable progress toward an agreed resolution of political questions. Approaches have already been determined to reach agreement on key problems, including the question of the Chechen Republic's status.

Military experts have gotten very near to producing a mechanism for putting military decisions into effect.

The negotiations on a peaceful settlement of the crisis in the Chechen Republic continued yesterday at the premises of the OSCE mission in Groznyy. Colonel General Anatoliy Kulikov, Russian minister of internal affairs, also represented the Russian side at them.

Before the negotiations begun, Russian delegation leader Vyacheslav Mikhaylov stated: "We have made proposals to Dudayev's side which realistically reflect the situation. Whoever wants a settlement could agree to them."

Russian Federation presidential aide Mikhail Krasnov added at this point that we can go a long way in the search for an agreement, "but not beyond certain limits."

The negotiations continue to be held with increased security at the approaches to the OSCE mission's premises where the discussions are still in progress. Streets have been blocked off with trucks and armored vehicles and by internal troops and special-purpose militia detachments.

Dudayev's supporters are gathering by the first cordon, at the approaches to the spot where the negotiations are taking place, in order to hold their next rally.

Restoration Work Progressing in Chechnya

LD1207232495 Moscow ITAR-TASS World Service in Russian 1502 GMT 12 Jul 95

[By Oleg Artyushin]

[FBIS Translated Text] Groznyy, 12 Jul (ITAR-TASS) — The former radio electronics plant in Groznyy has resumed its mass output of household radio-electronic products. Its production line for twin-waveband radio receivers and radio cassette recorders is working again. Some imported components are being used in their production.

Locally produced radio receivers and radio cassette recorders are in great demand with customers because their price is much lower than similar imported equipment.

According to the VAYNAKHPRESS agency, the preparation of fodder is proceeding at a fast pace on the Chechen Republic's farms. Despite objective difficulties linked with the absence of spares, fuel, and lubricants, more than 10,000 hectares of sown and natural grasses have been cut. About 9,000 tonnes of hay and 6,000 tonnes of laylage have been prepared and silaging has started. The VAYNAKHPRESS agency considers that the farmers of Shelkovskiy District are doing the best work.

In addition, the Chechen Republic's higher educational institutions require considerable restoration, and a number of new educational sites will have to be built. The ITAR-TASS correspondent was told by Anna Bakina that this conclusion was reached by specialists of the Russian State Committee for Higher Education, which discussed this issue at a collegium meeting in Moscow today.

Groznyy Oil Institute and the Chechen State University are not ready for the start of the new academic year, as a large part of their sites have been destroyed. As a solution, the leaders of the higher learning establishments have decided for the time being to conduct the eductional process in buildings belonging to two technical schools, a boarding school, and a specialized vocational and technical college.

A huge amount of funds — which specialists find difficult to estimate — will be needed for the restoration of Chechen higher educational institutions. Moreover, as part of the program for the general restoration of buildings in Chechnya this process could prove to be a very long one. For this reason the Chechen Republic's Government of National Rebirth has included the buildings of the Oil Institute and the university in the list of priority installations, whose restoration will be carried out by foreign firms as turnkey projects.

Chernomyrdin Grants Compensation for Survivors

MM1207121395 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 12 Jul 95 p 1

[Russian Federation Government Directive No. 937-d, signed by Viktor Chernomyrdin, chairman of the Russian Federation Government, 8 July 1995, Moscow]

[FBIS Translated Text] In Execution of Russian Federation Government Decree No. 579 "On Providing Aid to the Victims of the Terrorist Act in the City of Budennovsk, Stavropol Kray," dated 19 June 1995:

1. The Stavropol Kray administration shall in the third quarter of 1995 be allocated 5.4 billion rubles [R] out of federal budget funds earmarked for the conduct of social policy to finance expenditure connected with the payment of one-shot material aid and compensation payments to the victims of the terrorist act in the city of Budennovsk.

2. The Stavropol Kray administration shall exercise supervision over the targeted use of the allocated resources and ensure the prompt submission of accounts on their actual use.

[Signed] Viktor Chernomyrdin, chairman of the Russian Federation Government

Turkish-Backed Dudayev May Find Asylum in Cyprus

MM1207151395 Moscow KOMSOMOLSKAYA PRAVDA in Russian 12 Jul 95 p 3

[Report by Sergey Nogin under "Version" rubric: "Dudayev Seeks Asylum in Turkey"]

[FBIS Translated Text] What is actually behind the statement by the Russian president, who publicly gave his blessing to Dzhokhar Dudayev's departure for Turkey? There is reason to believe that Boris Nikolayevich was not as unjustified as followed from Ankara's subsequent statement.

We have learned that last month Dudayev's representatives, who are proposing to open a "Republic of Chechnya mission" on the territory of the so-called Turkish Republic of Northern Cyprus, arrived in Cyprus. To this end they have even already selected suitable premises. The mission's leader has also been appointed — Saikh Ibragimov.

The Chechen "diplomat," our source claims, has already sounded out the Turkish authorities as to the possibility of granting political asylum in Turkey to Dudayev and Shamil Basayev. Official Ankara has apparently refused to accept them for political reasons. At the same time, it cannot be ruled out that Dudayev could base himself in Northern Cyprus in the vicinity of the aforementioned Chechen mission.

In this case, the immigrant in a general's uniform will clearly not be without comrades-in-arms and supporters. For example, the Nationalist Movement Party headed by Alparslan Tyurkesh [name as transliterated] is prepared to help him. Also operating on Turkish territory are the Committee for Solidarity With Chechnya, the Society of Centers of the Islamic Order, and other organizations that have organized and continue to organize the collection of financial resources for Dudayev.

Regarding the Turkish leadership's position, it is extremely remarkable. At the official level, Ankara denies that it supports General Dudayev. But its amiable disposition toward the activities of the aforementioned organizations is costing it dear!

As Russian newspapers have already reported, in May this year Federal Security Service officers detained Turkish citizen Iskhak Kasab [name as transliterated] on Dagestani territory. He was found to be in possession of large sums of money and video and photographic materials containing intelligence information. During the investigation, Kasab showed that he had been inserted into Chechen territory as part of a reconnaissance party. The Russian Federation Foreign Ministry made an official protest to Turkey in connection with the interference in Russia's internal affairs.

I mention this because Turkish foreign policy is made in Ankara on the following principle: We talk about Moscow but what is really on our minds is Groznyy.

Dudayev Forces 'Exploiting' Talks, Cease-Fire

MM1307104495 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 13 Jul 95 p 2

[By Vladimir Yanchenkov: "To Concede or Not To Concede? Talks in Groznyy Are Tough Going"]

[FBIS Translated Text] Groznyy — Judging by numerous pieces of evidence, the Dudayev side is exploiting the moratorium on combat operations not just to regroup its forces but also to step up propaganda work among the population. Every evening, as they return to their base after the talks, Dudayev's representatives — U. Imayev, A. Maskhadov, and others — notwithstanding the accords, stop off at population centers along their route, take part in spontaneous rallies, and make speeches inciting people against the federal forces and the national revival government and in favor of detaching Chechnya from the Russian Federation.

Attempts to heat up the situation are also continuing in Groznyy itself, mostly in those places where the largest gatherings of people are found — market places, squares, and mosques. Dudayev's secret emissaries are using bribery and threats to organize anti-Russian rallies and create a situation that complicates the progress of the talks.

At night shots still ring out in the city and its environs and in rural population centers, and surprise guerrilla attacks are mounted against military guardposts. The investigation of the barbarous murder of eight people in the village of Prigorodnyy by persons unknown on 7 July continues. It has already been established by the investigation team that the infantry fighting vehicle carrying the killers was without identifying markings. The weapons used to kill the civilians have long since been taken out of service in the Russian Army and among Ministry of Internal Affairs troops. Officials to whom I spoke have no doubt that forces bent on wrecking the peace talks at any price are behind this unprecedentedly savage provocation.

Unbridled terrorism is the Dudayev regime's ultimate argument. How can you fail to remember Shamil Basayev's recent statement to AFP: If the talks now underway do not lead to the result that Dudayev wants, Basayev is ready to join a 63-strong Chechen guerrilla group to carry out a new act of terrorism in one of Russia's cities.

Yet another tragic piece of news came in as this report was being written: Five Russian soldiers have died near the village of Shatoy in a clash with Dudayev guerrillas, who launched a surprise attack on them.

Opinion on the talks underway in Groznyy is mixed. Some Chechens and federal servicemen whom I met occasionally expressed bewilderment: Why are we negotiating with the representatives of an outlaw? Yet the majority of people do appreciate that the leadership of Russia took this step to stop the bloodshed and establish peace and calm on Chechen soil.

The path to peace is long and thorny. For several days now, the participants in the talks have been struggling to solve the main question under the political heading, namely determining the Chechen Republic's status: To recognize it in accordance with the existing Russia Constitution as an integral component of the Russian Federation or, as Dudayev's representatives are demanding, to agree to its complete independence from Russia.

"Each of the negotiating parties," Vladimir Zorin, first deputy leader of the Territorial Administration of the Federal Organs of Executive Authority in the Chechen Republic, who is a participant in the talks, told me, has its own view of the problem and its own ways of solving it. This is also the subject now of intense discussion at the OSCE mission.

The success of any talks hinges on mutual concessions and necessary compromises. But it is very clear that there is a limit to these concessions and compromises, and that limit is set by Russia's inviolable interests.

Federal Troops Stage Raids Behind Dudayev Lines

MK1207114295 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 12 Jul 95 p 2

[Report from Groznyy by Aleksey Overchuk: "Five Days in the Rear of the Dudayev Forces. Assault Troops Carry Out a Reconnaissance Raid"]

[FBIS Translated Text] Losses in the troops have declined since the start of peace talks. But still one gains the impression that the army has been completely forgotten. Soldiers and officers have not been paid for as long as four months now. While on battle positions, they are fed any old way. Recently, bread and dry crust disappeared from their food allowance (To say nothing of vegetables and fruit that have never been in it at all). There is still a shortage of medicines there. The last time they could be stocked up was after the seizure of Shatoy. Uniforms go to pieces after two combat engagements. At the 7th Airborne Brigade, for instance, they have been changed two or three times since January.

Presently commanders of the federal troops, apart from collecting intelligence data, also tackle harvesting problems. Local residents compile lists of combine operators and submit them to the troops for signature, so that they will not be confused by chance with somebody else.

Of all the agreements on a peaceful settlement of the conflict that have been reached, only one is adhered to at the front: Troops stay put, aircraft do not bomb. That is, no large-scale combat operations are under way. As for all other decisions made by the negotiating parties, the army learns about them from hearsay or from mass media reports. But every night the opposing sides shell each other.

Your MOSKOVSKIY KOMSOMOLETS correspondent has learned that decisions on initiating a radio exchange between the federal troops and the bands of Chechen fighters, and also on sending observers to the engagement zone exist only on paper. For instance, commanders of the 7th Airborne Division [as published], which happened to fight on the southern (Shatoy) axis, welcome Volskiy's peace initiatives. But they have no contact with Chechen commanders, nor is there any in sight. Just as with the observers, as a matter of fact.

Moreover, according to a senior officer of the airborne brigade, after the seizure of Shatoy Dudayev's already rickety system of command and control collapsed completely. A monolith broke apart into independent detachments that roam exclusively areas under their control. For this reason it is unclear with whom radio contact should be made. Recently, to get to know Chechen field commanders more intimately, the troops of the 7th Air Force Brigade had to launch a five-day reconnaissance and sabotage raid in the enemy rear. During the reconnaissance raid the assault force encountered entire systems of bunkers and secret arms caches. These are fairly numerous; as a rule they are located at a distance of about 2 km from each other. For the most part, they are built close to wells or springs.

Soldiers discovered arms, military training textbooks, a huge number of gas masks and individual chemical protection means. The Russian command still does not know whether the Chechens are fearful of chemical weapons or whether they are going to use them against the federal troops themselves.

The results of the raid are as follows. Up to 400 fighters were found in the area of Itum-Kale; up to 20 men, in the area of Sharo-Argun; about 60, east of the Khindoylak mountain range; up to 20 men, in Bashen-Kale; a unit up to 40 men strong is located along the bed of the Malyy Martan River; and a group of 20 men, near the Martan River.

On the southern axis the Dudayev forces control the villages of Komsomolskoye and Alkhazurovo.

The mood in the assault troops is clear — everybody is fed up with the war. Once the order is given, Russian troops will leave Chechnya with pleasure.

Officers Steal Bonds Worth $7.8 Million in Groznyy

MK1207141695 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 12 Jul 95 p 1

[Unattributed report: "Russian Officers Stole Hard-Currency Bonds Worth Nearly $8 Million During Combat Operations in Groznyy"]

[FBIS Translated Text] The Internal Affairs Administration of Sverdlovsk Oblast together with the Urals Military District's military prosecutor's office is currently investigating a larceny case in which Russian officers stole hard-currency bonds worth $7.8 million during combat operations in Groznyy.

MOSKOVSKIY KOMSOMOLETS has been told at the Russian Federation General Prosecutor's Office that back in 1993, the "Grozneft" state oil concern of the Chechen Republic received internal hard-currency bonds issued by the Russian Federation Finance Ministry worth over $7 million. The bonds were stored at the Groznyy branch of "Kredobank."

In January 1995, during combat operations in Groznyy, the building of the "Kredobank" was partly destroyed and burnt. This building happened to be chosen by a major — deputy chief of staff of a Russian military unit — and a warrant officer, who was a platoon commander, as a new command post for their regiment commander.

Blowing up padlocks on the metal doors of the "Kredobank" storage room with F-1 grenades, they broke inside and found "Grozneft" securities there. They stole all the hard-currency bonds worth $7.8 million.

In March 1995, to sell the stolen securities the looters handed the bonds to a senior detective officer of the military counterintelligence service, who learned about their booty from his sources. The counterintelligence lieutenant colonel, who knew little about securities, teamed up with a director of a Yekaterinburg exchange to sell $7.623 million worth of bonds to "Interbank," a Moscow-based commercial bank. As a result, the accomplices received more than $2 million in cash.

During a preliminary investigation, criminal investigators exposed and confiscated a part of the bonds that have not been sold, and $590,000. The whereabouts of the rest of hard-currency bonds and hard currency received as payment for them are being investigated. The investigation is also trying to determine whether officials from "Interbank" and "Vneshtorgbank" were involved in the crime.

Ministry Releases Casualty Figures for Chechnya

LD1307113995 Moscow 2x2 Television in Russian 1100 GMT 13 Jul 95

[FBIS Translated Text] The losses of the joint group of federal troops in Chechnya from 11 December 1994 up to today total 1,846 killed and 6,356 wounded. The RIA agency was given this information by an official of the Internal Affairs Ministry's public relations center. According to him, the total losses of Dudayev's militants are 14,040 killed and wounded.

Chief Assesses Role of Kaliningrad Army

WS1207124495 Kaliningrad KALININGRADSKAYA PRAVDA in Russian 28 Jun 95 p 2

[Interview with Guards Lieutenant General Anatoliy Ivanovich Pimenov, commander of the 11th Independent Combined-Arms Guards Army, by Captain First Rank V. Gromak; place and date not given: "The Western Outpost of the Russian Army"]

[FBIS Translated Text] [Gromak] Anatoliy Ivanovich, a lot has been said and written about the marines of the Baltic Fleet fighting in Chechnya. As far as I know, as early as last December your subordinates also went to Chechnya to bring constitutional order there. What can you say about them as a commander of the army?

[Pimenov] Briefly, only the best. It has been half a year since about 1,000 servicemen have been loyally carrying out their duty, bringing constitutional order to Chechnya. They display and are models of bravery and heroism, continuing in a fitting manner the glorious record of their regiment's heroes. For the exemplary performance of military duties, 37 men were awarded orders and medals, while 15 servicemen were promoted to higher rank ahead of time.

In particular, I want to say a few good words about the subordinates of Lieutenant Colonel Aleksandr Aleshenko, commander of a self-propelled artillery battery commander, who was recently appointed chief of staff of an artillery regiment. The Military Army Council focuses its attention on lives and problems of their regimental comrades serving in Chechnya. Housing was granted to 18 officers and warrant officers, without them waiting in line, while 36 families of servicemen received material assistance. Unfortunately, grief did not spare our ranks. We lost four people in Chechnya, while 36 were injured.

Taking advantage of the opportunity, I would like to express heartfelt gratitude to the administration, enterprises and institutions, as well as citizens of Kaliningrad Oblast, who provided, as far as it was possible for them, humanitarian aid to the families of killed and injured soldiers of our independent army.

[Gromak] By the way, your army is the only one in the Armed Forces of Russia that has the status of "independent." What was the reason for this?

[Pimenov] The role and status of the 11th Independent Combined-Arms Guards Army in the general state defense system is mostly determined by the geopolitical location of Kaliningrad Oblast. In the wake of the known events in the Baltic republics, Kaliningrad Oblast has been separated from Russia by two state borders. In today's reality, we are the most western outpost of the Russian Army. Our main task today is to guarantee the stability of the Russian state border in the zone of our responsibility. Almost two years after the withdrawal of Russian troops from the Baltics and the dissolution of the Northwestern Army Group [SZGB], our army is an independent, but still subsidized unit. In connection with this, many problems have appeared regarding the specific character of the center's direct technical and rear support. As a rule, these problems are being solved positively.

[Gromak] Probably, due to its uniqueness, the army has also undergone organizational and personnel changes.

[Pimenov] Indeed, after the dissolution of the SZGB, many subordinate units and institutes of the former group remained on the oblast's territory. Therefore, over two years, the army has undergone an intensive process of optimizing this military group, basically by downsizing it, making a transition from quantity to quality. Incidentally, this did not cause the ground troop concentration in the region to lessen the level of its combat readiness. On the other hand, the uniqueness of the army lies in the fact that all the oblast's military registration and enlistment offices, hospitals, and other bodies of military administration, which used to be subordinated to the military district, are now subordinated to the army.

Finally, in connection with the formation of the Kaliningrad Special District [KOR], some structural changes were implemented in the army, along with extensive work in organizing cooperation with sailors of the Baltic Fleet, servicemen of the air defense, and the Kaliningrad Group of Border Troops.

[Gromak] Anatoliy Ivanovich, I remember that two years ago you expressed a desire to create unified organizational structures in Kaliningrad Oblast which would facilitate logistical support to the entire military contingent in the region. As of today, this is envisioned in the formation of the KOR. What will the mutual relations between marines and sailors look like?

[Pimenov] Yes, such a need was conditioned by the task of establishing a single leadership in the KOR, having centralized supplies, and simply by common sense. You will agree that it costs a lot to have trade offices in all army services. This question has already been solved. Issues relating to the centralized supplies of materiel to the entire group are more complicated; this particularly pertains to supplies of foodstuffs, military property, and fuel. There are objective difficulties with shipments of materiel across the sea from St. Petersburg, let alone by rail across Lithuania. Nevertheless, work in this direction is continuing. Regarding relations with sailors, as well as with other representatives of power structures, they have always been and will remain traditionally good, particularly since we are all isolated from the motherland, defending together the most western outpost of our country.

As for the KOR, its formation will primarily allow coordinated activities of all bodies of military command and troops deployed in the oblast to successfully resolve training tasks. I think that our daily agenda will soon be expanded by the issue of creating a single construction complex in the interests of the entire troop grouping. In this way, it will easier to solve housing problems of servicemen.

[Gromak] Incidentally, since you touched upon the housing issue, what is the situation in providing apartments to your servicemen?

[Pimenov] The housing situation in the army is very difficult. Today, every second officer and every third warrant officer are without housing. On average, a serviceman has to wait six to seven years to receive an apartment, while those dismissed from the army have to wait much longer. The Military Army Council undertakes all possible measures and fights literally for every square meter of housing, but everything is hampered by the lack of appropriate subsidies. For this reason, we provide only 50-60 percent of the required apartments every year.

[Gromak] Well, the housing problem is the sore spot of the army. Is it the only one?

[Pimenov] Of course not. At present, the army is only half manned, as compared to the peacetime requirement. Naturally, this has its effect on conducting combat training, as well as organizing army services, and rear and technical support. Due to the shortage of personnel, an additional burden has been laid on the shoulders of officers and warrant officers who are now forced to carry out not just military tasks. It should also be honestly admitted today that the quality of the troops have gone down. The number of draftees in the so-called "risk group" has increased; regarding the equipment, there are no particular problems. Regarding its basic items, their list is nearly complete. The point lies elsewhere: Who will maintain this equipment? Who will sit at the levers of combat vehicles? Add here delays in paying salaries, difficulties in allocating money for foodstuffs and supplying military property, fuel, and other materials. The problems that are characteristic of the entire Russian Armed Forces do not spare us either.

[Gromak] MEGAPOLIS-EXPRESS No. 23 reported in an article that about 200,000 troops are currently serving in Kaliningrad Oblast. What can you say about this?

[Pimenov] Similar statements have lately been appearing in the press quite often, including the press of Western states.

In some places, journalists display bias when commenting on life and the numerical strength of troops deployed in the oblast. They strive by all means to frighten the philistine by the allegedly excessive militarization of the oblast.

Of course, similar statements are no more than fabrications.

Recently, troops of the Fleet and Army were repeatedly subject to inspections of represenatives of various foreign states, who had the possibility to see with their own eyes that their statements do not hold water.

The more so, that in the last few years, both the Baltic Fleet and Army have been repeatedly subject to organizational and personnel changes to reduce their numerical strength within the framework of the military reform.

Hence, the number of servicemen in the oblast is at least four times lower.

[Gromak] Kaliningrad residents anxiously discuss the spreading rumors about the forthcoming withdrawal of the 11th army from the oblast's territory and redeployment of the Baltic Fleet....

[Pimenov] I think that these rumors are closely related to my previous answer.

Someone found it very convenient to provoke a tempest in a teapot and to frighten simple people by a military monster in the form of the army and fleet deployed in the oblast.

I want to calm the residents of the oblast and nations of Russia by stating that there will be no withdrawal of army or fleet troops from the oblast in the immediate future, particularly since the recent formation of the Kaliningrad Special District.

Finally, numerous opinion polls indicate that Kaliningrad Oblast residents directly associate the oblast's existence with the presence of a sufficiently strong military grouping, capable of securing the oblast's territorial integrity. This is also a reliable guarantee of the servicemen's deployment in the westernmost outpost of our country.

Chernomyrdin, Buryatia's Chief Cited on Agreements

MM1207130095 Moscow IZVESTIYA in Russian 12 Jul 95 p 1

[INTERFAX report: "Russian Federation Premier and President of Buryatia Sign Package of Economic Agreements"]

[FBIS Translated Text] A package of economic agreements on the demarcation of powers and on the development of cooperation in various spheres was signed in Moscow 11 July by Russian Premier Viktor Chernomyrdin and Leonid Potapov, president of Buryatia (a republic within the Russian Federation in the Transbaykal): agreements on the demarcation of powers in developing the republic's raw materials base, on special conditions governing water discharges in the Lake Baykal region, and on cooperation in the sphere of civil defense and the socioeconomic development of regions of the North and the Baykal-Amur Railroad.

Talking to journalists, V. Chernomyrdin gave a high assessment of the documents signed.

"We all need these agreements," the premier stressed, announcing that similar accords are currently being prepared for signing between the Russian Federation Government and a number of other Federation components.

Buryat President L. Potapov expressed confidence that the documents signed will promote the republic's stable socioeconomic development.

North Ossetia Satisfied With Ingush Accord

LD1207171995 Moscow ITAR-TASS in English 1441 GMT 12 Jul 95

[By Valeriy Shanayev]

[FBIS Transcribed Text] VLADIKAVKAZ July 12 (ITAR-TASS) — North Ossetia is satisfied with the agreement on the liquidation of consequences of the North Ossetian-Ingushi conflict which was signed with Ingushetia in Vladikavkaz, North Ossetian President Akhsarbek Galazov told ITAR-TASS today.

Galazov said the Vladikavkaz meeting of North Ossetia's and Ingushetia's delegations was a new stage in normalisation of relations.

The agreement lays foundations for peace in the region, Galazov said.

He said of special importance was the clause in which both sides denounced terrorism.

Galazov reaffirmed his proposal to the Russian president and prime minister to meet leaders of North Caucasian and Transcaucasian republics in Vladikavkaz for discussion problems of the troubled region.

Government Seen Campaigning in Siberian Regions

MM1207144295 Moscow PRAVDA in Russian 11 Jul 95 pp 1-2

[By Dmitriy Gutenev: "Government Flirts With Regions. Notes on Extraordinary Session of 'Siberian Accord' Council"]

[FBIS Translated Text] Krasnoyarsk, 11 July — When our aircraft landed at Krasnoyarsk Airport, the Tu-134 of the Rossiya airline, in which the government team headed by First Vice Premier A. Chubays had arrived, was already standing there. The airliner was cordoned off by little red flags — a significant picture. Has the government not cordoned itself off from the people behind such flags? It is hard to get past these flags and get through to the hearts of high officials. But for now, a VIP landing force is once again deplaning in Siberia. Once again on questions of Russia's budgetary system, this time for 1996. Whereas Chubays took over the reins at the conference last December, this time, as agreed, it was chaired by L. Polezhayev, leader of the "Siberian Accord" interregional association and head of Omsk Oblast Administration. In his introductory speech he said the following:

"We are satisfied with the fact that 'Siberian Accord' made its contribution to the final version of the 1995 budget, and we are sure that our participation in the work on next year's budget will enable the government to define directions more accurately and to place the correct emphasis in budgetary and tax policy. I would like the federal organs of management to see the significance of the Siberian regions not just in this. Siberia needs to have its special features taken specifically into account."

Although the Krasnoyarsk conference showed that everyone has grown up and sobered up, there were attempts to play a worn-out record, passing off as significant achievements a slightly plus figure or fact. In Chubays's opinion, inflation has fallen, the ruble has strengthened, the state's currency reserve is growing, interest rates are falling, and sowing was completed successfully. This May, the first time for several years, an increase in production was recorded in Russia — only by 1 percent, but still.... He is convinced that the first half-year promises big hopes for the Russian economy. We have never been so really close to economic recovery, he said, as in June of this year. The private investor has now emerged and will start investing his funds any day now.

Finance Minister V. Panskov and Economics Minister Ye. Yasin did not stint on the rosy outlooks either. The leaders of Siberian territories and guests from other krays took the government's optimism philosophically: Each of them knows better what the actual situation is. Is it stabilization if only 11 of the 89 components of the Federation are "donors," while the rest need aid from the center?

"To survive the winter and buy coal," Altay Kray Administration Head L. Korshunov said, "we took out loans in exchange for budget guarantees. The calculator is already switched on, and we are at an impasse. An overwhelming number of enterprises is taking out loans to pay back the previous loans. In order to settle up the interest payments we need to increase the volume of production at least 700-800 percent. This is unrealistic. What, are we to play 'Russian roulette'?"

"When you get down to the sinful land," V. Varnavskiy, chairman of Omsk Oblast Legislative Assembly, said, "the picture is quite different. Nothing but nonpayments, wage arrears, debts to defense enterprises for a state order fulfilled, debts to rural commodity producers. How much it has been said that the Moscow market must be opened up. But to open it up we have to launch a war against the mafia groups that are keeping the products of Russian commodity producers out of the capital. It is sad and depressing to hear this from the lips of government members."

S. Vozdvizhenskiy, chairman of the "Greater Urals" association's economics committee, accused government members of making an unobjective assessment of the situation:

"Macroeconomic and structural indicators have deteriorated sharply, and this trend is continuing. I will speak about the Urals. We have won through only in those sectors which work for export: in ferrous and nonferrous metallurgy and the chemical industry. But it is in these sectors that national positions are being lost. In nonferrous metallurgy, over 5 percent of property belongs to Western capital, and everything in ferrous metallurgy is going the same way. The majority of the aforesaid sectors operate on clean fuel [rabotayet na chistom toplive]; that is, all the income goes to the West. We are left only with smoke and sludge. In short, this is development in favor of the Western, not the domestic market. We are losing not only the domestic market but also jobs. The volume of production in machine building has once again fallen by 18 percent, in light industry by 37 percent, and in the food industry by 20 percent, consumer goods production has fallen 16 percent, and food production 20 percent. We must support our own — not the foreign — commodity producer. The countryside carried out sowing in a really heroic manner, despite having practically no resources. But we should not count on the harvest in the fall, since we sowed without fertilizers. Some major fertilizer production plants have stopped working, others have been bought up and are working for the West."

Other conference participants also shared a view of the economic situation which differed from Moscow's. All this was stated calmly and conclusively. So in his concluding speech Chubays had to admit that "not all is going smoothly" in the country.

It would, however, be wrong to claim that all they did in Krasnoyarsk was reprimand the government for shortcomings, or try to get something for their own territories. Each person made proposals on key questions of regulating the economy — on forming the revenue part of the budget, on taxes and interbudget relations, on the clear-cut division of competence and responsibility between the federal government and the components of the Federation.

Many proposals were advanced. From reducing the management apparatus to changing the tax policy ideology. Vozdvizhenskiy, whom I cited above, proposed replacing the tax on profits, which are concealed in every possible way, by a tax on consumption, which is impossible to hide.

All of Siberia's proposals, and there were approximately 20 of them, turned out "main attractions." Krasnoyarsk Kray Administration Head V. Zubov remarked in this connection that he was surprised how quickly the government reacted, and Panskov's report already contained the Siberians' proposals.

What, then, did "Siberian Accord" support? With regard to tax policy a reduction in the commodity producers' tax burden, the simplification of tax procedures for small enterprises, the abolition of the tax on exceeding the labor remuneration fund, the consolidation of extrabudgetary funds in the federal budget, the abolition of sectoral targeted extrabudgetary and reserve funds, a reduction in tax breaks, including with regard to the payment of income tax, and a change in the rates of income tax. In short, the concept of the proposed reform aimed at reducing the number of taxes with a simultaneous improvement in tax discipline met with understanding.

With regard to budget policy, approval was given to crediting to the budgets of Federation components half the excise duties on spirits, vodka, and liquor and vodka products and the excise duties on other goods, with the exception of those that come directly into the federal budget.

At the same time the "Siberian Accord" interregional association disagreed with the deduction into the territories' budgets of only 20 percent of the customs dues and 90 percent of the income tax. For example, it is demanding for all components of the Federation half the customs dues collected on their territories. It also disagrees with the transfer to local budgets of the special funds of educational establishments, cultural institutions, and pedagogical, medical, and agricultural higher educational institutions. There were arguments. The government delegation appeared to agree with the Siberians. At any rate, there was no need to set up a conciliation commission, as was the case in Novosibirsk. The fact that Moscow listens to the provinces is reassuring but, at the same time, disconcerting. Is this not one more tactical move on the threshold of the elections? There were promises to elaborate a regional policy concept when parliament was being elected two years ago. But nobody remembers that now — now politicians both in the opposition and in power have once again taken to visiting the provinces. Some for votes, others seemingly for advice. But one thing looms behind all this — the elections. The future will show who needs meetings in the regions.

Agrarian Leader Lapshin Visits Kabardino-Balkaria

MM1207133895 Moscow PRAVDA in Russian 12 Jul 95 p 3

[By Valeriy Demyanenko: "Election Visit"]

[FBIS Translated Text] Nalchik — The purpose of the election visit to Kabardino-Balkaria by Mikhail Ivanovich Lapshin, chairman of the Agrarian Party of Russia [APR] and State Duma Council member, is to talk about the constructive provisions of the party's program and about specific moves to implement them.

The delegation was received by Kabardino-Balkaria President Valeriy Kokov and members of the government. Then came a speech at a conference of representatives of the agro-industrial complex, consumer cooperatives, forestry, culture, and trade at the Kabardino-Balkaria Ministry of Agriculture. The main topic of M.I. Lapshin's speech was the State Duma discussion and debates regarding the Land Code. He said that parties like

"Russia's Choice" and "Yabloko" vote in favor of the free buying and selling of land. Agrarians are in favor of preventing land from being viewed as a commodity and believe that it must belong to the people who work it. M.I. Lapshin advised people locally to decide the question of land ownership with consideration for the special features of the republic's internal structure.

During meetings with country people Mikhail Lapshin solemnly presented new members of the APRF with their party cards.

'Major Discussion' Urged on Far North Supply Problem

MM1307113295 Moscow ROSSIYSKIYE VESTI in Russian 12 Jul 95 p 3

[Report by Valeriy Golovin under the "Problem" rubric: "The Caravans Are Not Rushing to the North"]

[FBIS Translated Text] Khabarovsk — Last year, because of disruption to the timetable for shipping freight to the North, the Russian government was forced to adopt a decision to extend the Arctic shipping season — a decision which came as no little surprise to Northerners themselves. Was it possible by means of an official directive to influence natural conditions in these parts, whereby winter here comes far earlier and lasts longer?

But it would appear that we are doomed to go on creating difficulties for ourselves. Every year, when the summer shipping season opens, officials in Khabarovsk Kray Administration began to rack their brains over how to provide the six northern rayons of the Amur region — home to a total of 116,000 people — with food, fuel, and other necessities. Each rayon has its own specifics, and whereas river and maritime vessels can put into the ancient Far East city of Nikolayaevsk, located right at the mouth of the Amur, through September-October, the shipping season for the settlement of Nelkan in Ayano-Mayskiy Rayon is severely restricted, because the Maya river which connects the locality with the mainland is able to allow the unrestricted passage of goods vessels for only one month of the year. It is extremely difficult to organize the delivery of freight to the Sea of Okhotsk littoral, especially to the settlements of Okhotsk and Ayan, where they well know the value of dictum: If you're not on time, you've missed the boat.

Unfortunately, everyone could miss the boat this year. The government has agreed to allocate 460 billion rubles [R] to fund northern shipments. However, to date only R69 billion has been received. As a result, in the past two months of the shipping season it has been possible to deliver to northerners only 10-12 percent of their freight.

"It would seem that the organization of freight shipment to the North is entirely underpinned by laws, presidential edicts, and government decrees," Yuriy Matveyev, first deputy head of the kray administration, says. "But every summer we observe the same scenario: The moorings at the ports stand empty, or ships are idle."

Last year a total of R5.5 trillion was spent on resolving the problems of the North, which occupies around 40 percent of Russia's total territory. I do not imagine that a smaller sum will be required today to supply the country's remote regions with essentials. Rather, the cost will be considerably higher. The federal budget is, in any case, obliged to bear these expenses. In Yuriy Matveyev's' opinion, to finally eliminate the panic situations which persist with enviable stubbornness in our country with regard to the "northern question," all the "northern" money should be allocated at once and in advance. So that the administrations at local level can tackle the questions of organizing the transportation of goods to the remote regions themselves, under the rigid and exacting control of the Center. Moreover, some of the cash could be replaced by state treasury bonds. In principle, whichever way you look, the question is the same — if deliveries to the North are not ensured proper funding today, tomorrow goods for the North will have to be dropped from planes or taken along winter roads. Both methods will cost far more.

But we continue to live according to the principle: Don't put off till tomorrow what can be done the day after. This is why people in the Amur region are convinced that it is high time to hold a major discussion in Moscow involving the president, the head of the Cabinet of Ministers, and the leaders of the republics, krays, and oblasts which have northern territories. It is essential to determine our position with regard to these regions clearly from the strategic angle. But understanding at the same time that a golden key on which the future and the fate of Russia will quite literally depend lies in these huge northern territories.

Session Maps Tatarstan Industrial Policy

954F2741A Kazan IZVESTIYA TATARSTANA in Russian 7 Jul 95 p 1

[By Tatyana Korneyeva: "Tatarstan's Industrial Policy Is Taking Shape"]

[FBIS Translated Text] Deputy Prime Minister of the Republic of Tatarstan Farid Gazizullin had a heart-to-heart talk yesterday with managers of large industrial enterprises of the republic.

As Farid Gazizullin said, this was the first conference whose main purpose was to explain to the managers of industrial enterprises the structural reorganizations occurring in the RT Goskomimushchestvo [Republic of Tatarstan State Committee for the Management of State Property] directed toward stabilization of the economy of the republic's large industries.

The essence is this. As IZVESTIYA TATARSTANA has already reported, the State Committee for Privatization was established on the basis of the RT GKI [Republic of Tatarstan State Committee for the Management of State Property]. Its main task is privatization of state property, but, as the reader of the report emphasized, it is now of a different quality. The committee is headed by Damir Bikbov, previously deputy chairman of the RT GKI. All questions associated with the privatization of state property are its prerogative. As F. Gazizullin noted, those enterprises that have not yet undergone privatization will still have to do so. But this will be a completely new qualitative stage: [word illegible] that were granted the labor collectives of enterprises being privatized will be a thing of the past. Now, Gazizullin said, we will look for real owners, which can be labor collectives (if they prove that they themselves are in a condition to work effectively and to find the necessary resources), groups of persons, foreign investors, individual Russian citizens, or Russian banks. This process of the new stage of privatization, in Gazizullin's opinion, is akin to art, which cannot be said about mass privatization, in which an attempt was made to give a little to everyone.

Real organization of the share market is starting from the present moment, and those people who work in it effectively, who the Government of the Republic of Tatarstan will assist, will not end up losers. The policy of the RT Goskompromimushchestvo [State Committee for the Management of Industrial Property of the Republic of Tatarstan] is to assist in making up large blocks of shares of the Republic of Tatarstan which, as has already been said, will comprise the real owner of production.

However, as Gazizullin noted, only those enterprises that are really working profitably can expect state support. For example, we will assist Transgaz, if this enterprise actually introduces a gas supply system in villages by the end of the century. Those enterprises, as the saying goes, that are not producing results need not count on us.

Now about what relates to the functions of the State Committee for Industrial Policy and Management of State Property. The initiative for its establishment came from large industrial enterprises. The functions of the new state committee, in Gazizullin's words, consist of managing state property and forming joint-stock companies. A department of industry of the Republic of Tatarstan is being established under the RT Goskompromimushchestvo. This is a new organ which will be headed, supposedly, by Gennadiy Alekseyev.

From the dossier of IZVESTIYA TATARSTANA. G.I. Alekseyev is today general director of the Zelenodolskiy enterprise Era, which fills the orders of shipbuilding, defense, and other enterprises throughout Russia.

Goskompromimushchestvo will number approximately 150 persons, and the department of industry—60.

In the near future, Gazizullin reported, an edict of the president of the Republic of Tatarstan will come out that will define the structure of the RT Goskompromimushchestvo. It is assumed that four funds will be in it: The privatization fund, which will acquire an absolutely new meaning and whose resources will be used exclusively for the reconstruction and reorganization of industry in the Republic of Tatarstan in proportion to receipts from various branches of the economy. It is most likely that industrial structures will be given 80 percent of the resources of the fund, and the remainder will be shared by villages, transport, communications, and so forth.

F. Gazizullin turned the industrialists' attention to the fact that "together we will have to protect this fund in order to prevent dirty hands from getting at it." The main [words illegible] to the assets of the fund—these are well-grounded and reasoned projects, and if they convince the government, it could be a question of 100 percent financing from the fund.

The new project structure envisions an NIOKR [scientific research and test design work] fund, which, as Gazizullin expressed it, "was looted." But we will make every effort, he said, to put everything in order here.

A credit resources exchange will also be organized in the structure of the RT Goskompromimushchestvo. Enterprises will be able to acquire the resources of nonstate budget funds as well as of state budget funds, only on a competitive basis through the indicated exchange.

Thus, industrial enterprises have the prospect of state financial support in today's transitional period.

In addition, F. Gazizullin reported that Tatpromstroybank has been approved as the authorized bank of the RT Goskompromimushchestvo. In this regard the chairman of Goskompromimushchestvo advised those industrial enterprises that left the structure of its founders in connection with the temporary difficulties of the bank, to return. The bank will be exempted from certain groups of taxes according to the principle of Ak Bars, and according to estimates, will get on its feet in the course of three months. The bank will constitute a complete managerial financial structure working in the interests of the industrial enterprises of the republic.

There was also talk at the conference about bringing two scientific research institutes into Goskompromimushchestvo RT, the need to form a first class lecture chamber, and concentrating promising intellectual specialists in the State Committee for the Management of Industrial Property.

Other specific questions on industrial policy in the Republic of Tatarstan were also discussed.

Economic Issues

Glazyev Warns of Deteriorating Financial Situation

LD1207184895 Moscow INTERFAX in English 1518 GMT 12 Jul 95

[FBIS Transcribed Text] MOSCOW, July 12 (INTERFAX) — Chairman of the State Duma Committee on Economic Policy Sergey Glazyev, who also heads the Democratic Party of Russia, said he believes that "there is no financial stabilization in Russia at all and that which the government proposes for 1996 will only cause further stagnation in production."

He told a press conference, on the government's 1996 budget policy, in the State Duma today, that the government has shown its absolute ineptitude at dealing with the economic depression. Glazyev said that the statement about inflation decreasing to 2%-3% a month "is a outright falsification by First Deputy Prime Minister Anatoliy Chubays, while real inflation is now 5-6% a month."

Glazyev said he thinks that Russia is facing the threat of "complete structural degradation and the transformation into a colonial African country."

Glazyev said he came to this conclusion after analyzing the State Statistics Committee's report on the first half of 1995 and the 1996 draft budget.

Another member of the State Duma's Committee on Economic Policy, Viktor Mashinskiy, said it's clear from the prognosis of development in Russia's social and economic situation, proposed to the government, that "the government does not expect the negative trends in Russia's economic development to be overcome before 1999."

Mashinskiy said "the intention to resolve economic problems by laying the burden on the population's shoulders is evident."

With this in mind, the government plans to introduce a special 1% tax to finance fighting crime, will make students pay for their education, will raise the tax ceiling on individuals, will raise taxes on property and land, will double the real cost of public utilities, transport and communications, Mashinskiy said.

Chairman of the State Duma's Labor Committee Sergey Kalashnikov (Liberal Democratic Party of Russia) told the same press conference that the government "will be lowering the entire basis for social allowances paid to the population" in 1996.

Draft Federal Budget Repeats Current 'Errors'

MM1207143595 Moscow IZVESTIYA in Russian 11 Jul 95 p 3

[Article by Yevgeniy Vasilchuk: "State Wastefulness Dooming Country to Debt and Fiscal Terror"]

[FBIS Translated Text] The government has repeatedly stated its intention to ease the tax burden and support investment. But the quantitative parameters of the draft federal budget for 1996 make us doubt that these intentions will be realized.

The first submission last week of the draft federal budget for 1996 was carried out with unusual efficiency by the Finance Ministry. The 1995 budget only saw the light of day in September 1994. The Russian budget process is three months ahead of where it was last year. In terms of the content of the budget itself, however, there has been no progress — the draft repeats almost all the errors of its predecessor.

On the eve of submission of the final version of the draft 1996 budget to the State Duma, scheduled for 20 July this year, the Finance Ministry has had to beat off a fierce and, quite clearly, coordinated attack from sectoral departments. Usually the preliminary departmental applications would not go beyond the "traditional" framework of being overstated by 30-50 percent.

This time the sectors have unanimously requested for 1996 almost a quadrillion rubles in budget funding — around half of the predicted size of GDP in 1996 and 2.5 times more than the budget's actual potential. There is no doubt about the coordinated nature of this attack. Just as there is no doubt about the fact that it will almost certainly be resumed.

The Finance Ministry has laid down the following basic parameters for the federal budget in 1996 — 355 trillion rubles [R] in revenue and R440 trillion in expenditure, producing a deficit of R85 trillion. GDP in 1996 is forecast at R2,100 trillion, and total industrial production next year will be virtually unchanged on this year.

In terms of a number of parameters, the 1996 draft budget looks notably better than this year's budget. The deficit has been cut from 5.6 percent of GDP in 1995 to 4 percent of GDP in 1996. The range of "budget multipliers" — the relationship between the budget deficit and the revenue side — has been considerably reduced. This year it will be 44 percent, and it should fall to 24 percent in 1996.

But that, unfortunately, is probably the sum total of the new budget's qualities. The unsatisfactory structure of budget expenditure has undergone some major changes. It is planned to increase spending on social policy alone substantially — from 3 to 7 percent of GDP. But it is proposed to do this not so much by cutting the proportion shared by other line-items where there are considerable reserves, as by an overall increase in state expenditure. Its proportion of GDP will increase from 15.7 percent in 1995 to 20.9 percent in 1996. This will make it impossible to get inflation down any lower than 5 percent — as opposed to the 2 percent already promised by the government.

The Finance Ministry's intention to fund more than half of the budget deficit (at a forecast rate of R5,200 to the dollar) out of foreign loans looks highly problematical, particularly taking account of the experience of executing this year's budget. Admittedly, the Finance Ministry itself thinks that the leading role will be played by borrowings on the domestic market — R50 trillion, or 59 percent of the deficit. In that event, the settlement rate of the dollar would be equivalent to R4,000. This "dual" dollar rate included in the draft budget yet again cannot fail to cause concern.

On the whole, the expenditure side of the 1996 budget and the nature of the deficit funding are effectively a rerun of the 1995 budget. The increase in federal government expenditure is achieved by increasing domestic and foreign debt and the fiscal pressure on the economy.

As a result, first, the proportion of expenditure used to service the state debt will grow rapidly — from 9.2 percent in 1995 to 13.2 percent of total budget expenditure in 1996. It is clear even to a layman that this approach will lead the Russian Government to bankruptcy — the federal budget will "consume" first itself and then the entire economy.

Second, by all accounts there will be a lot of pressure on the revenue side of the '96 budget. The government intends to increase the revenue side to 16.9 percent of GDP as opposed to the 11.1 percent of GDP in the '95 budget. For budget revenue to grow by almost 6 percent of GDP in one year alone, the country would need either a tax revolution or — to call a spade a spade — the authorities would need to unleash a fiscal terror campaign.

Full marks to the government for its active campaign against various fiscal and foreign economic concessions. But no signs of macroeconomic expansion of the tax base are as yet discernible in the forecast for 1996. Consequently, Russian taxpayers can expect a considerable increase in the tax burden next year. This will not promote an improvement of the climate for enterprise; the Russian tax and budgetary system has a strong bias toward the fiscal side rather than toward achieving efficient state spending and encouraging economic activity.

Another effective way for the government and president to commit political suicide is the idea of transferring the burden of taxation to individuals — whether carried out over two, three, or 10 years.

The authorities continue to impose the costs of financial stabilization on the country — but its benefits are still nowhere in evidence.

Probable Impact of Ruble 'Cap and Collar' Viewed

MM1207135595 Moscow IZVESTIYA (Financial Section) in Russian 11 Jul 95 p i

[Igor Doronin: "Foreign-Exchange Review"]

[FBIS Translated Text] The government and Central Bank of Russia statement on the introduction of ruble fluctuation bands of 4,300-4,900 rubles [R] to the U.S. dollar between 5 July and 1 October 1995 on the foreign-exchange and interbank foreign-exchange markets constitutes a relatively major step toward stabilizing the foreign exchanges. This measure should be seen in the context of the financial policy being drawn up for 1996, which the government reckons should continue its adopted course toward achieving financial stabilization.

The band is relatively narrow. The central rate between the ceiling and the floor is R4,600, and the market rate at the time of the band's introduction approximated to this (R4,559 to the dollar). Maximum deviation of the ceiling and floor rates from the central rate is 7 percent. This means that to all intents and purposes, a three-month cap and collar has been set on the current market exchange rate.

To assess the stringency of this commitment, we would note that in January the dollar increased by 13.4 percent against the ruble, in February the rise was 10.2 percent, in March it was up 8.9 percent and in April 4.5 percent, but in May it fell 2.7 percent and in June it was down 8.5 percent. Thus, figures for the preceding months show that the monthly fluctuations of the dollar against the ruble are relatively large. Admittedly we also have to take into account that the impact of the government's financial stabilization policy on the foreign exchanges in the first half of 1995 has varied.

The last two weeks of June were typified by a certain cyclical change in the indicators on the foreign-exchange market, the MBK [expansion unknown] market, and the short-term state bond market over the course of a week. This was brought about by the weekly placing auctions for securities. The change took the following form: At the beginning of the week the banks would mobilize rubles for the Wednesday auction; foreign exchange would be sold and there would be increased demand for credit resources; the ruble exchange rate would fall and lending rates would rise; after the auction the unused rubles would be used on the foreign exchanges to buy foreign currency and would enter the interbank lending market, which led to a certain rise in the dollar and a fall in interest rates. Of course, we cannot fail to take into account the significant increase in the size of issues of short-term state bonds.

The long-term factors that will influence the foreign exchanges through late 1995 and in 1996 will include the state of the balance of trade.

The ruble strengthened by 13 percent in May-June. During the same period, domestic prices increased by 14.5 percent. This considerably weakened the price competitiveness of Russian goods on foreign markets. Conversely, a favorable price situation emerged for importers. In the future we can expect our balance of trade surplus to decline. The main question, which it is hard to answer, is how dynamic the changes in the balance of trade will prove to be.

The setting of exchange-rate fluctuation bands in the context of relatively high inflation will definitely weaken the positions of Russian exporters on foreign markets. Inflation will generally be one of the most substantive factors — it is largely creating the climate of uncertainty on Russian foreign-exchange and financial markets.

On the whole, although the government and the Central Bank have some chance to make the dollar market-rate fluctuation bands stick, it will not be an easy task.

New Tax Regulations for Foreign Businesses

LD1207200095 Moscow ITAR-TASS in English 1631 GMT 12 Jul 95

[By Anna Zanina]

[FBIS Transcribed Text] MOSCOW, July 12 (ITAR-TASS) — The Russian Tax Service has approved new tax regulations for foreign businesses operating in Russia.

The regulations approved and signed by Tax Service deputy head Yuriy Makarov reflect the recent changes in Russia's tax system and obligate foreign businesses to declare the sources of their income to the local tax agencies.

Mikhail Shiyenok, head of the Tax Service Foreign Economic and International Tax Department, told ITAR-TASS the measure was prompted by the need to ensure a better enforcement of agreements on the avoidance of double taxation.

The new regulations "On the Taxation of Profits and Income of Foreign Legal Entities" require foreign businesses to register with the local tax authorities in Russia.

The document also introduces a new scheme for calculating the profit which is determined as a difference between the proceeds from the sale of products, work and services, and their production costs.

From now on, foreign businesses will also have to open accounts in Russian banks to pay taxes to the budget, Shiyenok said.

Chance of Foreign Debt 'Breakthrough' Seen

MM1207141495 Moscow IZVESTIYA (Financial Section) in Russian 11 Jul 95 p i-ii

[Article by Aleksey Portanskiy: "Moscow Close to Agreement With London Club Promising Breakthrough on Debt Problem"]

[FBIS Translated Text] A meeting was held in the strictest confidentiality in Frankfurt last week between a Russian delegation headed by Vice Premier Oleg Davydov and the London Club of creditor commercial banks. Despite the fact that no agreement to repay the former Union's $25-billion debt was signed, the principle of the long-term rescheduling of the bank debt was approved.

The creditor banks are prepared to defer payments for 20 years. Moscow would like a 25-year term. A convergence of the sides' positions — in Russia's favor — is a very real possibility in the very near future. The other little matter of calculating the interest will be harder to resolve. The Russian side is prepared to pay interest at the market rate plus or minus half a percent. The London Club had hitherto been insisting on 7-8 percent plus a percentage for the deferred payments. This means that the creditors' demands exceed our terms by at least 3 percent. O. Davydov stressed that, if the London Club did not accept our proposals, we would not sign any alternative documents.

Deutsche Bank, which is conducting the negotiations on behalf of 600 Western commercial banks, was not prepared to given an immediate answer to such categorical formulas, and, as a result, it was decided not to sign the main agreements but to set up "working groups" to work through disputed issues. It cannot be ruled out that by the fall these issues may be resolved and the long-term rescheduling agreement with the London Club will go ahead.

By the end of the year, Moscow intends to pay the London Club around $1 billion — half of this sum has already been transferred to a special account (an escrow account) at the Bank of England, but is currently frozen. We intend to transfer the other $500 million as soon as the main agreement is signed. Specific creditor banks will receive the money only after all debt obligations have been jointly verified.

This operation is required not only for the technical checking of accounts but also to ensure that certain bank operations are considered fair on both sides. "Financial IZVESTIYA" was told by Aleksandr Shokhin, who used to be in charge of the foreign economic area in the Russian Federation Government and who pushed the idea of the long-term rescheduling of the former Union's debts in Madrid last fall, that there have already been cases when debts have "disappeared". There was an instance of this in 1993 when certain London Club member banks, taking advantage of the existence of Bank for Foreign Economic Activity accounts at foreign banks, unilaterally wrote off certain sums from those accounts in lieu of debts. Certain Western banks, having insured their loans, have obtained insurance payments for the deferred debts and it is as if those debts no longer exist. But the banks are still demanding their repayment, on the basis that there is no such thing as surplus money.

The most advanced relations in resolving the debt problem hitherto have been those with official creditors — the states united in the Paris Club, which account for $36 billion of the former Union's $130-billion debt. It has been proposed that the judicial plan for payments to the Paris Club be extended to all other creditors — primarily the London Club.

But until recently, agreement had only been reached with the Paris Club on postponing the payments due in the following year. Thus, there were corresponding agreements with it in 1993, 1994, and 1995. In all these cases it was a question mainly of a rescheduling over 10-15 years. But Moscow has an interest in an overarching long-term rescheduling — that is, in deferring payments on the entire $36-billion sum (and later on the entire foreign debt) for 25 years.

Our demands are aimed not at avoiding paying our debts but at smoothing out the payment peaks due in 1995-1999 and preventing "economic overheating" during the complex period of structural transformations and the achievement of financial stabilization.

At the recent Halifax "G-7" summit in June, Russia was promised a 25-year rescheduling in principle by its official creditors. But specific talks once again may only be held in the fall.

Relations with the London Club are less "politicized" than are those with the Paris Club, where the people around the negotiating table are representatives of states which could be unhappy, for instance, about human-rights violations during the Chechnya conflict. Currently talks with the former have achieved advantageous terms for us which have not yet been achieved with the latter — a long-term rescheduling of the entire debt, and on more favorable terms than with the official creditors. To all intents and purposes, there is only some technical work to be done with the London Club.

In the event of the forthcoming talks with the commercial banks proving successful — that is, achieving an overall rescheduling agreement — there will be a real chance, Aleksandr Shokhin believes, of using the same approach with the Paris Club, relying on the well-known principle of equal treatment for all creditors. Then we will be able to talk about a breakthrough in the resolution of the overall debt problem.

Needless to say, the London Club is in no hurry to go to any lengths to snatch the laurels from the Paris Club in solving the Russian debt problem. Rather, the private banks will be constantly taking their cue from the behavior of the creditor states. The nearer we get to elections in Russia, the more the Western creditors may want to delay any final agreement with Moscow. In other words, everything will depend to a considerable extent — as before — on the West's having the necessary political will.

Conference Examines Nation's Economic Regeneration

MM1107155595 Moscow PRAVDA in Russian 8 Jul 95 p 2

[Report by Feliks Belelyubskiy: "Central Russia Marches Into 21st Century"]

[FBIS Translated Text] The "wilds" was the name given by our ancestors to the wooded steppe lying to the south of the Smolensk, Moscow, and Ryazan forests. Now it comprises 10 oblasts whose agro-industrial economy is one of the surest elements underpinning the Russian state's prosperity. Even the onslaught of the "wild market," which has caused incalculable damage to the country's economy, has for the time being halted, slowed its destructive flight right on the borders of Central Russia (as used to happen with invaders). So great is its reserve of inner strength.

Therefore, participants in the international conference "Central Russia on the Threshold of the 21st Century" were absolutely right to examine the destiny of the region as a bridgehead for our country to break out of the crisis situation in the future.

Opening the session, Ye.S. Stroyev, head of Orel Oblast Administration and corresponding member of the Russian Academy of Agricultural Sciences, mentioned the federal regeneration program for the Central Russian oblasts, which was adopted as recently as 15 September 1994 and has already been practically shunted to one side.

Yegor Semenovich said that he was sure that Russia [Rus] would continue to be the great agrarian country it had always been. Nature itself had decreed this.

Discussions were conducted in four sections: "Political Alternatives for the Development of Russian Society," "Agrarian Reform and the Problems of Developing Rural Areas," "Russia's Spiritual Regeneration," and "Local Self-Government." The sectional approach enabled the conference's participants to prepare (within the sections) collective recommendations, addressed to all "branches" of power at the federal and regional levels. The prominent academics Aleksandr Nikonov, Aleksandr Petrikov, Aleksandr Serkov, Zhan Toshchenko [name as transliterated], Geliy Shmelev, Rudolf Yanovskiy, and John Ross [name as transliterated] participated in the conference.

"The nation has run out of optimism regarding social issues. Without the creation of an intellectual atmosphere, without an intelligentsia capable both of discharging its educative role and making bold forecasts, it will be impossible to extricate ourselves from the crisis," Stroyev said in conclusion.

Manufacturers Raise Prices, Reduce Output

MM1207124395 Moscow PRAVDA in Russian 12 Jul 95 p 1

[Unattributed report: "State Committee for Statistics Reports..."]

[FBIS Translated Text] In January through June, Russian industry produced 3 percent less output compared with the same period last year. In January throuh June 1994, compared with the same period in 1993, 24 percent less output was produced. In the same period industrial manufacturers' prices have risen by 110 percent (90 percent in the same period of 1994), increasing 6 percent in June (8 percent last June).

Ministry Divides Oil Markets Between Cartels

MK1307094095 Moscow SEGODNYA in Russian 13 Jul 95 p 1

[Report by Rustam Narzikulov under the "Monopolization" rubric: "Cartel Division of Foreign Oil Markets Done. Medium-, Small-Sized Companies of Russia and Foreigners Lose Transport Avenues"]

[FBIS Translated Text] The Russian Fuel and Energy Ministry has made a decision to "assign" to certain oil companies the "coordination of oil exports" along various avenues. This was announces yesterday to the OIL NEWS AGENCY by a source who wished to remain anonymous.

Deciphered, the Ministry of Fuel and Energy decision means that there has been actually a cartel division of foreign oil markets between major Russian companies.

In a bid to avoid accusations of monopolization of export, the cartelization of markets has followed a complicated plan — nobody bans anyone from delivering oil to any foreign state, but all transport avenues have acquired their "coordinators" who are naturally interested in selling their own oil exclusively.

The sea ports (export to the Mediterranean area, northwestern Europe, and North America) have been divided between the "Rosneft" state-run enterprise (Ventspils in Latvia and Novorossiysk), LUKoil (Novorossiysk), the Eastern Oil Company (Novorossiysk), YuKOS (Odessa), and SIDANKO (Tuapse).

The "Druzhba" pipeline (export to Eastern Europe) will now be "coordinated" by Surgutneftegaz (eastern Germany), SIDANKO (Poland), LUKoil (Czech Republic and Lithuania), Slavneft (Slovakia) and YuKOS (Hungary).

Of the countries that consume oil delivered through "Druzhba," the most attractive are the Czech Republic, Slovakia, and Hungary, which still have a high demand for Russian crude. Things are not as simple with Poland, which has alternative oil import sources.

In form, the division of pipelines and oil handling port complexes has been done "in order to utilize their capacities to the maximum," while the "coordination plan" obviously aims at reducing the number of exporters.

The reasons why the Ministry of Fuel and Energy made such a decision are unknown. But if asked, the ministry would surely cite a need for regulating the size of export and maintaining high export prices and would refer to the experience of many oil-producing countries.

The cartelization of markets makes things extremely complicated for small- and mid-sized companies (including those with foreign capital), which now will have to go begging to the oil giants. Some of the "midgets" will be able to come to terms with the "coordinators" (SEGODNYA has reports about some smaller companies having found happy solutions to their problems), but on the whole their position seems unenviable.

The Ministry of Fuel and Energy, at this stage, has managed to do what the Ministry of Foreign Economic Relations had to give up — to set quotas of and issue licenses on oil exports. Let me recall that the ending of the privileged position of special exporters was one of the conditions for the provision of yet another IMF credit. The Russian Federation Government went along with this requirement and decreed that ports and pipelines would be used "proceeding from the principle of equal access, proportionate to the amount of oil produced (refined) and of petroleum products."

Curiously, the prime minister amended yesterday the decree issued "to suit the IMF" specifying that oil producers with access to pipelines and ports can now "cede (transfer or sell) their right of access to other companies. Clearly, companies unable to find a common language with "coordinators" will be able with clear conscience to avail themselves of the "right to cede."

Should the Fuel and Energy Ministry's decision be put into effect, it would signify that it has some edge on its eternal rival — the Ministry of Foreign Economic Relations — for the right to regulate oil export. Indeed, the list does not include a single traditional special exporter (such as the MES, Nafta-Moskva, and so on) which exported a third of Russian oil until recently.

So far it is hard to say how the structure of deliveries to the ports and in Eastern Europe is going to change, considering that up to the present time the "coordinators" have not always been the biggest suppliers. The biggest customers of Novorossiysk were, say, Nafta-Moskva, Roskontrakt, Balkar Trading, Tuapse-Noyabrskneftegaz, and Kondpetroleum; and those of Odessa, Tatneft and Nizhnevartovskneftegaz.

International Affairs

Defense Minister Cited on NATO, U.S., Russia Ties

MM1307091095 Moscow KRASNAYA ZVEZDA in Russian 12 Jul 95 p 3

[ITAR-TASS report: "Valeriy Shmarov: 'We Must Stick Together'"]

[FBIS Translated Text] Washington, 11 July — In building a new European security architecture "the main thing is to prevent a renewal of the confrontation characteristic of the recent past." So said Ukrainian Defense Minister Valeriy Shmarov, speaking at the U.S. Association for the Promotion of the Development of Science. The Ukrainian defense department chief is concluding his first official visit to the United States, during which he has toured U.S. military bases in Kentucky and California and has also discussed with U.S. Defense Secretary William Perry issues connected with the granting of U.S. aid to Ukraine. "I do not really understand the position of certain European powers which are now trying to become members of NATO," he continued. "It seems to me that the correct path is smooth integration into the European structures." The Ukrainian position, he continues, consists in developing multilevel cooperation in all spheres with Western countries, notably within the framework of the "Partnership for Peace" program. Ukraine, Valeriy Shmarov noted, "is participating in the implementation of almost 30 programs of bilateral cooperation in the sphere of ensuring security and conducting peacekeeping operations." He assessed as "highly significant" the cooperation program with the United States in the military sphere. "We are also cooperating with Russia and other CIS member states, and our policy in this respect is a neutral one, formulated by our government." Shmarov called Ukraine's relations with Russia "very positive." "A meeting of the presidents of our two countries was held recently, and new formulas were elaborated there," he noted. "That is the most important thing. We must stick together," the Ukrainian defense minister added in conclusion.

Council Wants Clarity on Constitutional Accord

LD1207221395 Kiev Radio Ukraine World Service in Ukrainian 1900 GMT 12 Jul 95

[FBIS Translated Text] Ukraine needs to provide the Council of Europe with additional information on a number of points of a legal nature and, in particular, to clarify the provisions of the constitutional agreement between the president and parliament of Ukraine in order to gain admission, journalists were told after a regular meeting of the state interdepartmental committee dealing with Ukraine's accession to the Council of Europe in Kiev on 12 July. The meeting looked at the outcome of the third round of the Council of Europe Parliamentary Assembly session in Strasbourg 26-30 June. The parliamentary assembly, the council's consultative body, is to hear a report by Ukraine on its readiness to become a member of the council at its September session.

UN Activity Consultations Held With Japan

LD1207223895 Kiev Radio Ukraine World Service in English 2100 GMT 12 Jul 95

[FBIS Transcribed Text] As reported by the press service of the Ministry of Foreign Affairs of Ukraine, Ukrainian and Japanese officials have been holding consultations at the Ukrainian Foreign Affairs Ministry on issues involving cooperation [word indistinct] section of the United Nations General Assembly. The consultations were held within the framework of the agreement on development of mutual cooperation between the two countries, which was raised during Ukrainian President Leonid Kuchma's official visit to Japan earlier this year.

The two sides held similar views on many of the issues discussed. The issues included reforms in the United Nations Security Council, United Nations peacekeeping missions, settlement of the armed conflict in the former Yugoslavia, etc. Some issues involving the G-7 meeting which took place in June in Canada, were also addressed.

The two sides stressed the need for their Foreign Ministries to continue dialogue on issues involving the United Nations and broaden their mutual cooperation in international organizations.

President Kuchma Postpones Visit to Belarus

LD1307094295 Kiev UNIAN in Ukrainian 0915 GMT 13 Jul 95

[FBIS Translated Text] Kiev — Ukrainian President Leonid Kuchma's official visit to the Republic of Belarus, scheduled for 13-14 July, has been postponed until 18-19 July, UNIAN learned from the president's press service.

On 19 July the Ukrainian and Belarusian presidents are expected to take part in the opening of the arts festival "Slavic Fair" ["Slovyanskyy Bazar"].

National Affairs

Crimea's Suprunyuk Meets Kuchma; Expresses 'Optimism'

LD1207184495 Moscow ITAR-TASS in English 1623 GMT 12 Jul 95

[By Mikhail Melnik]

[FBIS Transcribed Text] Kiev, July 12 (Itar-Tass) — "I had a warm, friendly meeting with Ukrainian President Leonid Kuchma, during which we discussed certain socioeconomic issues. We found a common approach to their solution, which gives hopes for their soonest implementation," chairman of the Crimean parliament Yevheniy Suprunyuk told journalists on Wednesday.

Suprunyuk leads a delegation of the new presidium of the Crimean parliament in Kiev.

Suprunyuk believes that the "current leadership of the Crimean parliament will set an example of coordinated work of the two branches of authority of the autonomy and Ukraine."

He said that "after the meeting with Leonid Kuchma I am full of optimism. I believe that serious changes will occur in the near future, which will meet the interests of both the Crimeans and the entire Ukrainian people."

The Crimean head of parliament said that the new Constitution of the republic will remain within the legal environment of the Ukrainian legislation.

"We will naturally try to go back to the 1992 Constitution, introducing a number of substantial amendments and additions to it," Suprunyuk said.

"I think the positions we lost as a result of our ambitious approach will be regained in time. The Crimean parliamentarians realize this and will try to work constructively with the official Kiev," the speaker of the Crimean parliament said.

'Warm' Talks Address Government Issues

LD1207210295 Moscow INTERFAX in English 1733 GMT 12 Jul 95

[FBIS Translated Text] KIEV, July 12 (Interfax - Ukraine) — Crimean Parliament Speaker Yevheniy Suprunyuk said his meeting with Ukrainian President Leonid Kuchma in Kiev Wednesday was "friendly and warm." He told journalists that at the meeting they discussed, among other things, the issue of making the Crimean government subordinate to the Crimean parliament.

Currently, under a Kuchma decree, the Crimean government is subordinate to the Ukrainian Cabinet of Ministers.

According to Suprunyuk, if Crimean parliament meets "previously agreed conditions" the issue could possibly be discussed in Kiev and Simferopol. He did not specify what the conditions were but said that "mutual concessions are possible on the issue."

He also said that at the upcoming meeting with Ukrainian Parliament Speaker Oleksandr Moroz Wednesday evening he would discuss the new draft Crimean Constitution.

"We will ask that a Ukrainian parliamentary delegation come to Crimea to agree certain articles of the Crimean Constitution," he said.

These articles include those on the government of Crimea and on making the power ministries answer to the autonomous republic, he said.

Suprunyuk believes that Crimean police must answer to "both Crimean and to Ukrainian authorities."

Suprunyuk was elected speaker on July 6.

Objectives of New Crimean Parliament Speaker Viewed

WS1307111195 Kiev UKRAYINA MOLODA in Ukrainian 11 Jul 95 p 2

[Report by Serhiy Zaliskyy from Simferopol: "Will Crimea's Drift Toward Ukraine Really Proceed Like a Fire Emergency?"]

[FBIS Translated Text] The election of Yevhen Suprunyuk, former chief of the State Fire Department of the Ukrainian Interior Ministry Main Crimean Directorate, as chairman of the Crimean Supreme Soviet has been received positively, and not only on the peninsula. President Leonid Kuchma, who was still in Germany at the time, positively assessed this fact, naturally considering the new speaker his ally.

So, who are you, Mr. Suprunyuk? First, it must be noted that the newly elected chairman does not regard his victory as a defeat of pro-Russian deputies, who have recently been driven into the corner of opposition. Yevhen Suprunyuk thus hopes to establish constructive relations with them. The further work of the Crimean Supreme Soviet, according to him, will definitely be based on current Ukrainian law. In an interview with INTERFAX-UKRAINE, the speaker has stated that, from now on, the Crimean parliament will not conduct any confrontational actions toward Ukraine, nor will there be any visits to Moscow not coordinated with Kiev. Yevhen Suprunyuk is going to pay his first visit in the new office namely to Kiev.

The meeting of the Crimean Supreme Soviet held after the election of Suprunyuk was the shortest one in the entire history of the Crimean parliament — it lasted as little as eight minutes. During the meeting, the Supreme Soviet Presidium resigned at the proposal of Deputy Chairman Volodymyr Klychnykov. Yevhen Suprunyuk wants to form a new Presidium on a faction basis, and in general is going to constructively cooperate with all factions. According to the former firefighter, although he and his advisers have certain proposals regarding reshuffles within the Crimean Supreme Soviet apparatus, he will select his deputies according to an agreement with the factions. In his opinion, all factions are able to work efficiently.

Additionally, Yevhen Suprunyuk will fight for returning the government "under the wings of the Crimean Supreme Soviet," since he believes that, without the government, it will be very hard to work and implement laws drafted by parliament. In the opinion of the speaker, relations between the parliament and government will be defined in a new Crimean constitution. It is expected to be passed soon by the parliament, and the law on dividing powers between Ukraine and the Autonomous Republic of Crimea will also come in force.

In general, many local observers deem the election of Yevhen Suprunyuk as chairman of the Crimean Supreme Soviet a step toward the normalization of relations between Kiev and Simferopol. It should be noted that the former Crimean parliament speaker, Serhiy Tsekov, believes that Russia's positions in Crimea will be considerably weakened in connection with the election of Suprunyuk as Supreme Soviet chairman.

Crimean Adviser Arrested for Insulting Kuchma

LD1207172695 Kiev UNIAN in Ukrainian
1300 GMT 12 Jul 95

[FBIS Translated Text] Simferopol — Ihor Krot, an adviser to Serhiy Tsekov, former speaker of the Crimean parliament, was arrested on 11 July. He is being detained in an isolation remand cell belonging to the main directorate of the Ukrainian Internal Affairs Ministry in Crimea.

UNIAN has learned that Ihor Krot stands accused of besmirching the honor and dignity of Ukrainian President Leonid Kuchma. This is connected with the fact that at the end of March and the beginning of April a leaflet appeared in Simferopol depicting a swastika on a portrait of the Ukrainian president.

On 12 July a group of Crimean deputies belonging to the Russia and Russia-Unity faction began gathering signatures under an appeal to the Crimean prosecutor to have the charges against Ihor Krot removed and have him released.

Kuchma Addresses Farmers, Expects 'Real Change'

WS1307103895 Kiev INTELNEWS in English
0418 GMT 13 Jul 95

[FBIS Transcribed Text] Kiev, July 11 — President Leonid Kuchma spoke to citizens, particularly farmers, regarding Ukraine's troubles growing decent crops in the past few years.

Bad weather in June led to mistakes in advance counting of crop yields. Nevertheless, most regions raised sufficient amounts of produce, Kuchma said. This year, the state provision fund was changed to give farmers contracts for produce, instead of the former practice of ordering farmers to produce specific quantities.

Kuchma requested that state and local governments provide agriculture bodies with financial aid, credit resources, fuel and oil materials, spare parts and machinery.

According to Kuchma, a real change can be reached in the provisional structure for agriculture in Ukraine. "I believe that our toiler's perennial diligence and love of the earth will help us harvest and preserve the grain crops," he added.

Marchuk Pledges To Form Cabinet by End of Week

LD1207211195 Kiev UNIAN in Ukrainian
1740 GMT 12 Jul 95

[FBIS Translated Text] Kiev — The formation of the Cabinet of Ministers will be complete by the end of this week, Ukrainian Prime Minister Yevheniy Marchuk announced at the Supreme Council session on 12 July. He said that for him "the number one task" is to strengthen the central state executive power and to create a "strict but civilized and sensible" budget system.

Marchuk said that there will be no changes to the economic policy of the government, but there will be "a reinforced emphasis on an organizational plan directed at revival and strengthening of primary level production."

Marchuk stated that the day of the government in parliament has confirmed his conviction that the strengthening of social protection of the population should be a priority in the work of the Cabinet of Ministers.

The prime minister announced that the drafting of a government action program by representatives from commissions and parliamentary factions and groups is now being completed. He asked the deputies to submit by 15 July their proposals to the working group for drafting the program. According to him, the deputies will receive the theses of the government action program tomorrow.

Commission Reviews Dismissal of Prosecutor General

LD1207141695 Kiev UNIAN in Ukrainian 0935 GMT 12 Jul 95

[FBIS Translated Text] Kiev — The Ukrainian Supreme Council exceeded its powers by relieving Vladyslav Datsyuk from the post of prosecutor general. This is the conclusion of the Supreme Council Commission for Issues of Legal Policy and Court and Legal Reform, reached at one of its meetings.

A resolution from the commission proposes that the decision of 21 June should be reviewed at a Supreme Council session, and a proposal should be put to the Ukrainian president to relieve Vladyslav Datsyuk from the post he occupies. Parliament is scheduled to consider this issue, as well as the president's edict on reinstating Vladyslav Datsyuk in his post, at its session on Thursday 13 July.

At his last news conference, Leonid Kuchma said that he is not certain whether he is completely satisfied with the prosecutor general's work. "If the Supreme Council had made a decision in line with the constitutional agreement, and had proposed that the president nominate a candidate for the new prosecutor general, I would have had no grounds for not listening to the advice from deputies," he said.

In an interview with correspondents, Supreme Council Chairman Oleksandr Moroz said that by dismissing Vladyslav Datsyuk, parliament acted within its legal remit, while the president, in issuing his edict, had overstepped the boundaries of the constitutional agreement.

'Nostalgia' for Authoritarian Regime Said Growing

WS1307103695 Kiev INTELNEWS in English 0418 GMT 13 Jul 95

[Unattributed "special to INTELNEWS"]

[FBIS Transcribed Text] Kiev, July 12 — The public opinion of Kiev residents has significantly changed toward authoritarian nostalgia, a new study by the Democratic Initiatives Center revealed this week.

If this January the idea of a "Ukrainian Pinochet" was not that popular, today the situation has changed and "yes" and "no" respondents to the idea are almost equal.

Asked whether they agree that Ukraine needs an authoritarian regime (like Pinochet's Chile) to escape its crisis, the respondents answered:

Answer	January (percent)	June (percent)
Yes	25	34
No	52	37
Cannot say	23	29

The poll also revealed attitudinal differences toward an authoritarian regime between men and women: In January, 29 percent of men and 21 percent of women supported a dictatorship, while in June, 42 percent of men and only 27 percent of women supported this idea.

The study also found that support for authoritarianism has shifted from the old to the young.

The most significant change, however occurred in the political orientation of supporters of authoritarianism. While in January only socialists and communists favored dictatorship, today the situation has completely changed and nationalists dominate the list of supporters of an authoritarian regime.

Opinions have also changed regarding the strengthening of Ukraine's present executive branch. In the end of 1994, the idea of division of power (whether through a presidential-parliamentary republic or a parliamentary-presidential setup) received more support than the idea of a presidential republic (31 percent versus 28 percent), today the figures are 21 percent and 28 percent, respectively.

The pollsters accounted for this shift by pointing to the increased popularity of President Leonid Kuchma — noting that the higher the rating of the president, the more people support the idea of one-man rule. Asked whether they would have supported the president if, having failed to reach an agreement with Parliament, he decided to dismiss it and schedule new elections, 50 percent of respondents said "yes."

Economic Issues

Kuchma Issues Package of Financial, Economic Edicts

LD1207151895 Moscow INTERFAX in English 1320 GMT 12 Jul 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, July 12 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma has passed a package of financial and economic decrees.

Kuchma's advisor in macroeconomic issues, Anatoliy Halchynskyy, announced during a press briefing in Kiev Wednesday that, in accordance with the decree regulating relations between the state and Ukraine's major joint-stock commercial banks Prominvestbank, Ukraina and Ukrsotsbank, the state stake in these banks' authorized capital will be increased, but will not exceed 35%.

These banks' boards will also have state representatives.

Another decree deals with new appointments to the state commission for monetary reform. Prime Minister Yevgeniy Marchuk has been appointed commission chairman and Chairman of the Board of the National Bank of Ukraine Viktor Yushenko - vice-chairman.

Also a decree on state regulation in the area of trade has been signed.

Kuchma Adviser Comments on, Details Recent Decrees

LD1207163795 Kiev UNIAR in Ukrainian
1200 GMT 12 Jul 95

[FBIS Translated Text] Kiev — At a regular briefing at the presidential administration, Leonid Kuchma's adviser on macroeconomic issues dwelled on the subject of amending the economic strategy of Ukraine. On that subject, according to the adviser, Leonid Kuchma has recently signed decrees on changes to the banking system of Ukraine. These concern, first of all, increasing the share of the state in the authorized capital of Prominvestbank, the bank "Ukraina," and Sotsbank. This share should not exceed 35 percent. Mr. Halchynskyy refuted the rumor which has been going around lately that the government is heading for nationalization of the largest banks of Ukraine. In the opinion of the president's adviser, the decree only regulates the relations between the state and the largest banks.

Anatoliy Halchynskyy also dwelt on the decree "On creation of a state commission for carrying out monetary reform," which has just been signed by Leonid Kuchma. The commission is headed by Prime Minister Yevhen Marchuk, with National Bank Head Viktor Yushchenko as his deputy. Minister Valeriy Pustovoytenko will also work in the commission. Altogether the commission consists of seven people.

Alongside the central commission there will also be regional commissions which will be responsible for implementing monetary reform in the regions. Local commissions will be accountable both to the central commission and regional administrations.

The president's decree "On state regulation in the sphere of trade" is to be signed soon. The decree "On privatization of land plots for business enterprises in the agricultural sector" and the draft decree "On creation of a supreme economic council under the president" are almost ready to be signed.

Reviews Achievements, Problems

LD1207164695 Kiev UNIAN in Ukrainian
1300 GMT 12 Jul 95

[FBIS Translated Text] Kiev — In his speech on 24 August dedicated to Ukraine's Independence Day, Leonid Kuchma will sum up the results of the country's economic policies over the past year, Anatoliy Halchynskyy, the president's adviser on macroeconomic issues, said at a briefing in the president's administration on 12 July.

In his words, the main result of Leonid Kuchma's economic policies is the civilized combination of the processes of profound market transformation in the economy and political reform. This has ensured Ukraine's movement forward. The constitutional agreement between the president and the Supreme Council has created additional opportunities for carrying out purposeful economic reforms.

Anatoliy Halchynskyy described price liberalization as one of Leonid Kuchma's economic achievements. He noted that Ukraine has moved closer to world prices for manufactured goods and energy and this has opened up its economy. "In this respect we are ahead of Russia," he said.

Anatoliy Halchynskyy said that despite the slow pace of privatization, in the last six months Ukraine has succeeded in building up the infrastructure of privatization. He said that there are signs of financial stabilization: The inflation rate in May and June was 4.6-4.8 percent. A market infrastructure is being set up and a mechanism of servicing the state debt by non-inflationary means is being introduced.

Anatoliy Halchynskyy said that real wages have not fallen in the last few months. For example, in October 1994 average wages were equivalent to $23 and in May 1995 to $41.

According to the presidential adviser, the country has not yet succeeded in combining the processes of financial and manufacturing stabilization. Owing to certain shortcomings in economic policy the last three months have been marked by declines in output. However, Anatoliy Halchynskyy considered that there are no grounds for saying that the president's tasks of cutting declines in output will not be achieved. He said that 1995 will be a year of crisis and 1996 will become a year of real improvement.

Finance Minister Reports on Budget Implementation

LD1207195495 Kiev UNIAN in Ukrainian 1530 GMT 12 Jul 95

[FBIS Translated Text] Kiev — On 12 July Finance Minister Petro Hermanchuk reported to the parliament on how the Ukrainian state budget for 1995 is being implemented.

Receipts:

According to the minister the total sum of budget receipts amounts to 938 trillion karbovantsi, i.e. 140.3 percent of the volume of revenue for the year. Of that amount 650.2 trillion have been received in the form of taxes, duties, and obligatory payments; 137 trillion are credits from the National Bank of Ukraine for clearing the budget deficit and 35.2 trillion are from outside sources.

The government is concerned about the nonpayment of rental payments for oil and natural gas. Out of the planned 197 trillion only 29.1 trillion karbovantsi have been received, i.e. 14.8 percent.

According to Hermanchuk, 40 trillion karbovantsi have not been paid to the state budget because of the failure of consumers to settle their accounts. This debt today exceeds 200 trillion karbovantsi.

Also worrying is the nonreceipt of the revenue from the small- size facilities privatization. Of the planned 91 trillion only 1 trillion has been transferred from local budgets so far. The fact that the revenue from local taxes and duties are not transferred is also significant: of the forecast 11 trillion only 1.4 trillion has been received.

Expenditure:

The expected expenditure from the consolidated budget, according to Hermanchuk, is almost 900 trillion karbovantsi, i.e. 38.7 percent of the amount designated for the year, which complies with the law on state budget. Of that sum the expenditure on the social sphere is 33 percent [of the designated amount], on maintenance of social and cultural establishments is 40 percent, defense — 39 percent, the economy — 43 percent, law enforcement, customs and taxation — 34, servicing of the external debt — 21 percent.

Local budgets have received from the state budget 13.7 trillion karbovantsi out of the planned 26.9 trillion, i.e. 51 percent. The state budget owes local budgets 14.4 trillion karbovantsi. Local budgets owe the state budget 31 trillion karbovantsi.

According to the minister, in the first quarter of 1995 because of the production volumes reducing by more than 11 percent and a 3.8 percent slump in labor productivity the average monthly wage in the industry increased 4.9-fold and in some industries it was from 50 million to 70 million karbovantsi a month.

The Ministry of Finance has proposed changing the expenditure part of the budget by 240 trillion karbovantsi altogether. Of that amount, the social protection share by 11.5 trillion karbovantsi, the economy — 10 trillion karbovantsi, the reserve fund of the Cabinet of Ministers — 5 trillion karbovantsi, the stabilization fund — 45 trillion karbovantsi. After these changes the budget deficit in 1995 will not have changed and will be 7.3 percent, the minister believes.

Inspections Reveal Privatization Violations

WS1207144495 Kiev URYADOVYY KURYER in Ukrainian 6 Jul 95 p 4

[Report by M. Holyshev, press service chief of the Dnipropetrovsk Oblast Council: "Privatization With Violations"]

[FBIS Translated Excerpt] No matter how sad it seems, privatization in Ukraine, particularly in Dnipropetrovsk Oblast, is sluggish. In addition, the sale of state property is very often accompanied by considerable violations of the current legislation.

This has been confirmed by special inspections conducted at the request of Pavlo Lazarenko, people's deputy and chairman of the Dnipropetrovsk Oblast Council. The appropriate commissions have recently reported on the results of their work.

So, around 1,070 state-run or municipal companies, organizations, and institutions were inspected, and over 1,500 violations were disclosed. The most effective, in terms of quality and organization, were the commissions from Kryvyy Rih, Dniprodzerzhynsk, Marhanka, Shyrokivsk, Merzhivsk, and Verkhnyodniprovsk rayons. Approximately 518 violations were disclosed in Kryvyy Rih alone. The results of the aforementioned commissions' work were thoroughly discussed at a meeting of the city executive committee. As a result, three facilities were returned to the city as municipal property, and other materials were sent to the Prosecutor's Office. [passage omitted]

The analysis of the final reports has made it possible not only to disclose but also systemize the most repeated violations of the law. First and foremost, these violations are connected with the sale of transportation means (they account for 61 percent of the total number of violations). Every third violation is connected with the sale of companies' and organizations' equipment. Illegal activities concerning the sale of buildings and nonresidential premises belonging to state-run companies and organizations, or to local councils come third (7 percent).

In addition, violators usually have no permission to decommission or donate property from the owners. A sale is conducted not at an auction, as envisaged by the law, but at underestimated prices, or even by including the property in commercial organizations' balance sheets. [passage omitted]

There is another very common way to implement privatization such as decommissioning of not entirely exhausted capital stocks directly before taking an inventory of the property. Deadlines for payments for privatized facilities are not observed, and fines are not envisioned for such cases. For example, the staff of a Dniprodzerzhynsk-based boiler-welding plant stopped making payments after 101 days of the company's privatization. The total payment was estimated at 38 million karbovantsi [K], with the company's value estimated at K75 million. The state has never received the complete sum. [passage omitted]

Here is another example. In Dnipropetrovsk, certain organizations resorted to the following tricks: Appraisals of the value of privatized property were carried out regardless of local equivlents, which significantly lowered the price. Privatized facilities were purchased by third persons without any competition, and not at auctions.

In many cases, materials on the revealed facts have been sent to the Prosecutor's Office. The reports, however, were delivered not only for this purpose. Organizations supervising the process of privatization were instructed to prevent similar cases in the future. They are supposed not only to control the compliance with all terms of sale of state property, but also supervise the purposeful use of received money, make violators liable, and, first and foremost, prevent pilferage of state property. The issue of supervision remains on the agenda.

Increase in Commercial Bankruptcies Predicted

LD1107185195 Moscow INTERFAX in English 1434 GMT 11 Jul 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, July 11 (Interfax - Ukraine) — The number of bankrupt commercial banks is likely to increase in Ukraine, said Vice-Chairman of the Board of the National Bank of Ukraine Viktor Kravets.

Commenting on the National Bank's latest decision to eliminate two commercial banks, he told Interfax - Ukraine that since the beginning of the year, the National Bank has taken measures to ensure the financial rehabilitation of 77 commercial banks.

On June 30, the National Bank took the decision to eliminate the following commercial banks: the Tarnava bank (Ternopol) and the Legprodbank (Nikolayev) for violating laws, operating at a loss, pursuing a risky crediting policy and neglecting the interests of deposit-holders and creditors.

Kravets announced that out of the said 77 banks, five have been eliminated and three, including the Dnister bank (Lvov) have merged with larger banks.

He said risky policies were one of the main causes of commercial banks' bankruptcies.

None of the bankrupt banks has been purchased by the INKO bank which earlier planned to broaden the network of its subsidiaries by buying up bankrupt banks, said Kravets.

The INKO bank is faced with its own financial problems, so if anyone volunteered to merge with it, we would not allow this to happen, he added.

There are more than 200 commercial banks in Ukraine.

Acting Agriculture Minister Reports on Harvest

LD1207175195

[FBIS Editorial Report] Kiev Radio Ukraine World Service in Ukrainian at 1300 GMT on 12 July broadcasts a five-minute report on Yuriy Karasyk, acting minister for agriculture and food of Ukraine, who spoke in parliament today on the preparations for the harvest.

On the issue of machinery provision of the countryside, Karasyk says: "Speaking both about quantity and quality, the fleet of combine harvesters in Ukraine now comprises 91,000 machines while the minimum requirement is 100,000 machines and, as for quality, the depreciation period of half of all the combine harvesters has already expired: 5-7 years in use. In these conditions the government had to make a decision on how one prepares for the harvest and goes through it."

Karasyk says that by pooling together efforts of various departments, the government has managed to ensure that 75,000 combine harvesters were ready for the harvest. These harvesters have already started work in some regions, especially in the south. The government also developed a new mechanism of technical provision of farms: by issuing state resources of grain and sugar to farms in order to create initial capital and to purchase combine harvesters in Rosselmash in Russia. Thus 1,630 machines have arrived and a mechanism has been developed to enable farms to lease a combine harvester for three years and to pay back in specific produce, first of all grain, approximately 30 percent a year.

According to Karasyk, a Ukrainian agricultural exchange has been established and so far 21 trillion karbovantsi worth of agricultural produce has been sold there. This figure represents half of the value of all fuel and lubricants over six months. A system of trade on this exchange is being developed for the future.

Belarus

Habibi Leads Iranian Delegation on Visit to Minsk

Talks Focus on Cooperation

LD1207195895 Moscow ITAR-TASS in English 1631 GMT 12 Jul 95

[By Aleksandr Lyushkevich]

[FBIS Transcribed Text] Minsk, July 12 (ITAR-TASS) — An Iranian delegation headed by First Vice-President Hassan Habibi arrived in Minsk on an official visit on Wednesday.

Later in the day, Belarusian-Iranian talks were held in the governmental residence to discuss prospects for bilateral cooperation. The talks focused on cooperation in machine-building and petrochemical industry. The Iranian side showed interest in purchasing Belarusian-made tractors, while the Belarusian side was interested in Iranian oil.

On Thursday, Habibi is scheduled to meet the Belarusian president, the minister for foreign economic relations and the foreign minister. The meetings are to sum up the results of talks between Belarusian and Iranian ministries and agencies. Agreements are expected to be signed on mutual protection of investments, cooperation in the spheres of agriculture, science, culture and transport.

Tehran Reports First Round of Talks

LD1307110295 Tehran IRIB Television First Program Network in Persian 0930 GMT 13 Jul 95

[FBIS Translated Text] Hasan Habibi, our country's first vice president, began his first round of talks with Belarus Prime Minister Mikhail Chygir in the presence of the two countries' high-ranking officials, including the commerce ministers, roads and transport ministers, and deputy ministers of foreign affairs and commerce, as well as banking officials.

According to a report of the Central News Unit, during the talks the Belarus prime minister said that Mr. Habibi's visit created an opportunity to secure implementation of the agreements reached during his visit to Iran. He welcomed cooperation with Iran in the fields of industry, agriculture, economics, energy, science, and technology.

Mr. Habibi, in turn, thanked the Belarus officials for their warm welcome. Referring to the short history of ties between the Islamic Republic of Iran and Belarus, he termed the gains of these ties as important and stressed the need for their expansion in all fields. He added: The two countries have the potential for cooperation in various sectors, including industry, and we believe that the two countries should exploit this potential to meet each other's requirements for goods and manufactured products.

Dr. Habibi reiterated the need for exchanging views on road transportation, setting up chairs of Persian language teaching in Belarus universities, greater contacts between the two countries' scientific and research centers, joint cooperation in customs affairs, industry, and other issues of mutual interest.

At the conclusion of these talks, joint committees were set up to study further expansion of cooperation in various fields.

President Lukashenka Meets Habibi

LD1307125995 Tehran IRNA in English 1228 GMT 13 Jul 95

[FBIS Transcribed Text] Minsk, July 13, IRNA — The visiting Iranian First Vice President Hassan Habibi and President Alyaksandr Lukashenka of Belarus in a meeting here Thursday explored practical ways of expanding Tehran-Minsk cooperation.

The two sides at the meeting welcomed mutal cooperation in various fields concerning industry, agriculture, economy, trade, energy, science and technology.

The Iranian ministers of roads and transportation and industries as well as several senior Belarusian officials were also present at the meeting.

Later on, Habibi and his entourage inspected a tractor manufacturing plant in Misnk.

In another meeting here on Thursday, Prime Minister Mikhail Chygir told Habibi that his country welcomed expansion of Tehran-Minsk cooperation in the fields of industry, agriculture, economy, commerce, energy, science and technology.

Chygir said that Iran and Belarus should strive for enforcement of agreements already reached between the two countries.

Habibi termed as "important" bilateral relations and said that Iran and Belarus enjoyed ample potentials in various sectors, including industrial sector, and called for proper exploitation of existing facilities for development of mutual ties.

The Iranian official underlined exchange of views on road transportation, customs affairs, joint industrial cooperation and expansion of cultural relations.

Habibi and Chygir had earlier in a two-hour private talks discussed important regional and international issues as well as matters of mutual interest.

World Bank Loan To Help Develop Oil Industry

MM1307103695 Moscow IZVESTIYA (Financial Section) in Russian 13 Jul 95 p i

[AGENTSVO FINANSOVOY INFORMATSII report: "Belarus Seeking Funds To Develop Oil Sector"]

[FBIS Translated Text] The Belarusian Government and the World Bank are working on a project to develop the Belarusian oil sector. The bank intends to grant the republic a $25-million loan to implement the project. Bank approval for the loan is expected in November-December. Meanwhile, according to World Bank information, the amount of investment needed to implement only the first phase of the modernization of the oil refinery will come to around $900 million.

Banker Examines Use of IMF Credits

LD1207201095 Moscow INTERFAX in English 1526 GMT 12 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] The use of credits, extended to Belarus by western financial organizations, has aroused a lot of controversy in the republic. Experts admit that these credits may play an important role in implementing the Lukashenka-proposed reforms. Chairman of the Board of the National Bank of Belarus Stanislav Bogdankevich shares his view on the problem with Interfax.

He said that Belarus "has an opportunity to secure a $300 million soft credit from the International Monetary Fund shortly," and that "this credit would help Belarus a great deal."

As to the prospect for halting inflation, he said that it is quite feasible (from January to June, 1995, the rate of inflation was lowered from 40% to 2%). However, price jumps are likely, because the problem of tariffs and prices on some commodities have not been regulated yet, he said. "But inflation will not go beyond the set limits, if we prevent the budget deficit from increasing and stop unreasonable credit emission," said Bogdankevich.

Commenting on the implementation of the presidential program of urgent measures to lead Belarus out of the crisis, he said that "the program has ensured a transition to a market pricing mechanism; considerably cut down state subsidies to loss-making enterprises, lowered the budget deficit to 3.1% against the gross domestic product and helped test the mechanism of non-inflationary budget financing.

He noted that "macroeconomic financial stabilization has failed to improve the situation at the microeconomic level, and even worsened it. He said he meant the enterprises' unprecedented debit and credit indebtness (27.5 trillion and 35.7 trillion Belarusian rubles, respectively) and a simultaneous stockpiling of ready made products and industrial enterprises' stoppages.

In his opinion, the managers of industrial enterprises, especially the exporter enterprises, have got out of habit of working in a stable financial system. "They have lost their bearings and found themselves unprepared for a stable national currency having got used to the practice of fighting for a place on the world market by way of lowering spending on their products." To save exporter-enterprises he proposed devaluing the national currency by 70%-80% against the monthly inflation rate. This is the National Bank's position which has not been supported by the executive authorities so far, because it has a certain pro-inflation potential, he said.

Bogdankevich also clarified the National Bank's position on crediting enterprises. He said that no credits should be extended to the bankrupt enterprises or to the enterprises which have lost their circulating capital and have no effective business plans.

Speaking about the financing of agriculture, he said that "the government and the National Bank have managed to do without massive credit injections in agriculture so far. In the first half of the current year, he said, direct centralized credits to agriculture amounted to 275 billion rubles. "Now that prices on agricultural produce depend on demand and supply, there is no reason for putting the capital into this sphere of unearned money," said Bogdankevich.

Writer: Authorities Suppressing 'Differently Minded'

WS1207144695 Minsk BELAPAN in English 1320 GMT 12 Jul 95

[Article from the "Analyses, Commentaries, Forecasts" feature by Ales Lipay: "Law Enforcement Organs Are Still Combating Both Crime and the Differently Minded"]

[FBIS Transcribed Text] Any state embraced by a crisis in all spheres of material production inevitably becomes more criminal. The example of Belarus proves that today. At the beginning of 1995 the crime rate in the country increased by about 20 percent as compared with the same period of the previous year. The fastest growth is that of the crimes committed in the economic sphere — today they equal a fifth of the total number of crimes.

The necessity of the struggle against crime is understood by society itself.

According to the data of a Republican poll on public and political activity conducted by the "Novak" Sociological Laboratory, 80 or more percent of respondents consider that the president should take measures to fight corruption in the organs of power and organized crime in addition to measures aimed at the stabilization of the economy. The authorities are aware of these social expectations. Something is being done in this direction. Last week, the president issued a decree to establish an interdepartmental commission at the Security Council to combat crime and illegal drug trafficking. It will coordinate the activities of different departments. Internal Affairs Minister Yuriy Zakharenka informed at a press conference on 5 July that the Republic had started creating the so-called four security belts. The territory of the country is divided into sectors, in which the responsibility of maintaining order is borne by a specific group of officers of the law enforcement organs. At the General Department of the Criminal Police, a number of new special subunits have been created — among them the department of criminal intelligence and counterintelligence. To secure order, Interior Armed Forces and special forces have been enlisted. The crime rate, I repeat, is growing. The problem is not down to the lack of power. In June, Viktar Sheyman, state secretary of the Security Council of Belarus, pointed out at a joint sitting of this organ and the Cabinet that the state possessed all the necessary means to introduce order. According to him, the number of those combating crime equals more than 100,000 public officers. After a simple mathematical operation we get a figure that is not only impressing, but stunning: There is one law enforcement officer for every hundred citizens of the Republic! There are enough people to combat crime. It is not clear whether these forces are used effectively and for the correct purposes. Last week, Minsk courts considered two cases with an evidently political background. The first was the civil action of Zyanon Paznyak against Yuriy Azarenak, the author of a dirty documentary film "Hatred: Children of the Lie." The second, which was evidently faked, regards a student protest action in front of the Presidential Administration on 24 May. As a witness to those events, I assert that the students protesting against the change of the state symbols were deterred and beaten by police for their different political mind. Three of them have been officially warned, but there will be two more who will be prosecuted on the grounds of organizing an unauthorized demonstration and hooliganism. The power that is celebrating its first anniversary these days is still studiously guarding the political infantilism of the population giving it out as political innocence.

MOLDOVA

Dniester, Abkhazia Urge Referendum on Joining Russia

AU1307124795 Chisinau INFOTAG in English 2120 GMT 12 Jul 95

[FBIS Transcribed Text] Tiraspol INFOTAG, 12/7/1995 — Delegations of the Dniester Republic and Abkhazia, which are participating in the sessions of the Congress of the Compatriots in Moscow, adopted a joint appeal to the governments and the supreme soviets of these unrecognized republics. The appeal stresses the necessity to hold referendums on their territories before the end of 1995 on the issue of "restoration of the united country and incorporation in Russia." According to the INFOTAG correspondent in Tiraspol, the Congress of the Compatriots in Moscow was held under the auspices of the State Duma of Russia. The Dniester delegation was headed by Anna Volkova, Vice-Chairman of the Supreme Soviet.

The branch of the Movement of the Compatriots was established in Dniester only a few weeks prior to the congress in Moscow. The constituent session of the branch was held on the premises of the Dniester Supreme Soviet. Observers in Tiraspol do not rule out that the current Dniester authorities will hold the referendum on becoming part of Russia at the same time with the elections to the Dniester Supreme Soviet in order to attract more voters. Tiraspol acquired similar experience when last spring, along with the local elections, a referendum on the non-withdrawal of the 14th Army from the region was held.

Concern About Arrival of New Recruits in Dniester

AU1107155195 Chisinau INFOTAG in English 2250 GMT 10 Jul 95

[FBIS Transcribed Text] Tiraspol, INFOTAG, 10/7/1995 — 300 recruits from the central regions of Russia arrived to the Russian military contingent, stationed in Dniester.

Arrival of the Russian citizens to the former 14th Army was viewed by the local population as a big contrast to the situation, which existed in that army when it was headed by the Lieutenant General Aleksandr Lebed.

Before his departure for Moscow Lebed said that in three years he spent in Tiraspol the Defense Ministry of Russia had sent only six recruits to that army.

Welcoming the new recruits, the commander of the Russian troops Major-General Valeriy Yevnevich said that not only citizens of Russia, but citizens of the former Soviet Union serve in his troops, as many of them had not received neither Russian, nor Moldovan citizenship. The general expressed hope that differences in the citizenship would not result in abuse of position.

The newcomers from Russia have been also greeted by the state secretary of the unrecognized Dniester Republic Valeriy Litskay and the military adviser of the Dniester President Major-General Stefan Chitac. The latter said that the soldiers would have "to defend the interests of Russia on a Russian soil".

Troops in Dniester Destroying Army Ammunition

LD1207212395 Moscow ITAR-TASS World Service in Russian 1045 GMT 12 Jul 95

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[FBIS Translated Text] Chisinau, 12 Jul — Sappers of the limited contingent of the Russian troops in the Dniester area intend to speed up the process of destroying ammunition of the former 14th Army. In one of the quarries in Rybnitskiy District up to 200 pieces of ammunition not marked for transport are being destroyed daily. According to sources at the Russian troops headquarters, after military experts complete necessary calculations, there will be an opportunity to destroy up to 1,500 pieces of ammunition every day without damaging the environment.

Major General Valeriy Yevnevich, commander of the Russian troops in the Dniester Region, believes that part of the over 2,000 car loads of ammunition stored in depots near the village of Kolbasna should be destroyed in situ and not stockpiled to avoid explosions. Neither Moldova nor Ukraine will allow transit of such a consignment on their territories, and that is why an interstate agreement is needed on constructing a range for destroying untransportable ammunition, Valeriy Yevnevich said.

Snegur Wants New Party To Consolidate Presidency

AU1307101895 Chisinau BASAPRESS in English 2020 GMT 11 Jul 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 11/7/1995 — "The idea to conduct a referendum on the name of the official language is an aberration," stated President Snegur in a dialogue with viewers on National TV yesterday. The president said the true motive of the 65 deputies that favor a plebiscite as a response to his initiative to introduce the term "Romanian language" in the Constitution is to prove to the presidential institution that it is within the competence of Parliament to make fundamental decisions.

Snegur was dissatisfied with "the campaign of discrediting the president" launched by the PDAM [Democratic Agrarian Party of Moldova — ruling party] leaders. He alluded that this large-scale action, which was also started by certain government officials and coupled with other blameful actions mentioned in his recent statement, prompted him to leave the majority party. Under these circumstances a party that "would consolidate the presidential team" should be set up. This party will be open for cooperation for all political parties and will have no preference for any extreme of the political spectrum. Snegur said he will not be intimidated by warnings made at PDAM local councillors' meetings, during which Russian speakers said they will not support him because of his support for the term "Romanian language."

The president was also dissatisfied that the government, which under the socialists' pressure decided to suspend its own decision on the list of offices that required Romanian-language proficiency. Given that authorities agreed to postpone the Romanian language proficiency test until 1997, the president might adopt "an opposing option" regarding those who try to silently undermine the effects of the linguistic law. The president said it is imperative to modify the local elections law to avoid appointments of mayors by presidential decrees, adding that such a solution is a "pressure put on democracy."

In Snegur's opinion, the fiscal system should be modified; the obstacles to agrarian privatization might discredit Moldova's image and might result in decreasing foreign financial assistance.

Country To Be First CIS Member of Council of Europe

LD1007193795 Moscow ITAR-TASS in English 1802 GMT 10 Jul 95

[By Igor Shchyogolev]

[FBIS Transcribed Text] Paris, July 10 (ITAR-TASS) — Moldova and Albania will become the 35th and 36th members of the Council of Europe respectively.

The decision about it was adopted at today's meeting of the Committee of ministers of the Council of Europe in Strasbourg. This All-European organization was established in 1949 with the aim of the defense and propaganda of democratic values and human rights.

The decision of the Committee of ministers was made after the Parliamentary assembly of the Council of Europe agreed at the end of June to admit Moldova and Albania.

An official ceremony of these countries' entry will be held on July 13 this year. Foreign ministers of the two countries will sign, in particular, the European convention on human rights.

Thus, Moldova will be the first Commonwealth country to join the Council of Europe.

Russia has also been expecting to be admitted into the Council of Europe since May 1992. However, at the beginning of 1995 the consideration of its application was postponed because of the events in Chechnya.

Kazakhstan

Official Terms Draft Constitution 'Undemocratic'

LD1207154595 Moscow INTERFAX in English 1410 GMT 12 Jul 95

[All quotation marks as received]

[FBIS Transcribed Text] Almaty, July 12 (INTERFAX) — Kazakhstan's draft constitution is undemocratic and questions "not only the presidential, but also the republican form of government," Constitutional Court Deputy Chairman Igor Rogov told Interfax in an exclusive interview Wednesday.

According to Rogov, members of the Constitutional Court "conducted a detailed analysis of the draft" constitution and concluded that "it does not give grounds to recognize the proposed constitutional model of the Kazakh republic as a fully democratic, law-based and social state" since it "noticeably reduces the volume of human and civic rights and freedoms, while the principle of division of power is distorted."

Rogov said that constitutional judges "in principle favor strong presidential power." However, the powers granted to the president and the executive are so large that they change the very nature of the republic, he added.

"Describing the president of the republic as a "symbol and guarantor of the unity of the people, state and power" (item 2, article 40 of the document — IF note) combined with his possibility to amend the Constitution, functions and powers with respect to the parliament, government and court, full inviolability and a complicated procedure for bringing him to account causes doubts whether Kazakhstan will have a truly republican form of government," he said.

Rogov believes that the draft document "reduces the volume of civic rights and freedoms," if compared to the existing Constitution, and also "impairs the protection of human life from out-of-court repressions."

"The lack of a comprehensive list of grounds under which discrimination is prohibited makes the norm a declaration," he added.

Six out of ten judges of the Constitutional Court (three are now on vacation, while another one decided to conduct an independent evaluation of the draft constitution — IF note) signed a letter to the republic's president containing these conclusions," Rogov said. At the same time, he added that "the letter lacks any legal force." "We voiced our opinion as private citizens," he said.

"The draft needs dramatic adjustment, and the members of the Constitutional Court are ready to take part," Rogov said. He added the constitutional judges familiarized themselves with the draft document only when published. They had not participated in its development.

Daily Comments on Nazarbayev, Draft Constitution

954F2734A Almaty KARAVAN in Russian 7 Jul 95 No 27, pp 4, 6

[Article by Viktor Verk: "'Victorious Compromise' Constitution?"]

[FBIS Translated Text] Finally! The draft constitution, the impermissibility of procrastination in the publication of which KARAVAN had been asserting for so long (Nos 25, 26), has seen the light in the republic's semiofficial press. This historic event was preceded by the appearance of a decree of the head of state on the start of public discussion of the draft basic law. The puzzled questions as to how what the people had yet to see to its face could be discussed "publicly" was, obviously, to have been answered by the session of the Assembly of the Peoples of Kazakhstan held last Friday.

The report of Nursultan Nazarbayev, which had been awaited with considerable interest, was distinguished, according to the comments of many people, by exceptional rigor and was reminiscent of the recent times of the "guiding and directing force." The first part of his speech, which was devoted to a historical digression into the times of the formation of Kazakhstani statehood, abounded in variations new for our ruling elite on the subject of the French Revolution — the "Jacobinizing opposition," the "Jacobin period of perestroyka," and so forth. Describing Kazakhstan's political palette of preceding years (right up to the present time), the president termed our opposition "a multitude of small groups vociferously calling themselves parties and movements headed by inordinately ambitious leaders and pursuing by no means public interests." He evaluated the two parliamentary crises that had occurred in the past two years as manifestations of the disease of the formation of statehood. It was observed far from without pride, it is true: "Throughout... the period social collisions were overcome on the basis of the constitution and the laws." We would note in parenthesis that crises of power are an unavoidable evil of all civilized societies, but they are usually resolved within the framework of current laws, not in a constant aspiration to expand this framework such as is convenient for the powers that be. It is such thoughts that are induced by both the report of the president at the Assembly and the draft constitution published on Tuesday.

We would note for fairness' sake that compared with the version that came into the possession of KARAVAN in mid-June, the published draft appears to be somewhat preferable. Thus the clause according to which "the president shall not bear responsibility for actions performed in the discharge of his obligations, except for instances of treason" is excluded from the final version of the draft. Now, on the other hand, "acts signed and promulgated by the president... shall be countersigned, respectively, by the prime minister, the chairman of either chamber of parliament, or other responsible officials (?!), who are invested with the legal responsibility for the constitutionality and legality of these acts." Nursultan Nazarbayev himself, incidentally, put it this way during Tuesday's news conference: Let whoever prepares it be responsible for each document: In civilized countries the president is neither called on the carpet nor, even less, put on trial. It is hard to say to which countries the head of state was referring. Only, in my view, this was the equivalent of the clause concerning responsibility of the president removed from the intermediate draft. After all, premiers come and go (not to mention chairmen of the chambers), but he will stay right up to the year 2000 (if, of course, we are to believe the entry in the section "Final and Transitional Provisions": "The president... shall acquire... the powers of president of the Kazakh Republic and shall exercise them for the term established... at the republic referendum of 29 April." It should altogether be acknowledged that the "general referendum" is a truly remarkable thing. This artless and oh-so-democratic procedure opens the basic law to so-called "mass unqualified influence" — after all, qualified lawyers in the general mass of the population would not muster one-half of 1 percent even. It is no accident that the leading world powers try to avoid recourse to referendums, and in the United States they are officially banned....

Let us return, however, to the published draft. The chapter "Parliament" does not contain any fundamental differences from the intermediate draft, not counting Article 61, which has been supplemented by a clause wordily setting forth what kind of laws parliament shall be entitled to promulgate. In the language of the authors of the draft this is called a "clearly drawn sphere of lawmaking activity." Such a step was taken, it has to be assumed, so that future legislators might not be tempted at a difficult moment for them to reverse, say, a ruling of the Constitutional Court, as their predecessors attempted to do. What are we saying, court! The members of parliament will now have been taught not to change the constitution at their own sweet will. They could in principle submit this question for discussion "by a majority of not less than three-fourths of the vote of the total number of deputies of each chamber." But only if the president himself formulates the draft amendments and returns them for parliament's consideration, what is more.

Answering a question at the news conference as to how long-lived, in his opinion, this constitution would be, Nursultan Nazarbayev said, in effect, that, of course, everything flows, everything changes, but that the constitutional principles contained in the draft should be preserved. And added immediately: "This constitution should not be identified with Nazarbayev, I do not consider myself eternal. And I am making this constitution for the country, for the people." Although it is a matter of indifference to the people, by and large, whether Kazakhstan remains a unitary state with a presidential form of rule or becomes a parliamentary federation. It is important for the people to know that they are living in an economically predictable state, where prices are stable and the tax system is fine-tuned and the government has a clear-cut program of the country's development and is not changed every six months. Like parliament also, for that matter, which Kazakhstanis are once again to elect at the end of the present year. How long will the future bicameral legislative body last and will we taxpayers not once again around December 1996 be having to shell out for elections? The draft "law of laws" contains no answer to this question. Just as it contains no prescription either for the country's existence under the name of Kazakh Republic or Kazakhstan (which, according to the draft constitution, are equivalent) after the year 2000, when the term of Nursultan Nazarbayev established for him by the referendum of 29 April expires....

Describing the past (more precisely, still operative) constitution, the president termed it a "compromise constitution." In this case the future basic law may be considered a "victory of compromise." We would recall how bitter the struggle between different groups of society around official bilingualism, private ownership of the land, or dual citizenship was. And a multitude of arguments both "for" and "against" this way of solving these questions could be adduced. But one thing is clear: They must ultimately be solved. Instead, according to the draft constitution, Russian has acquired the status of "official" language, which, of course, is better than "language of interethnic communication," but, in the opinion of many representatives of the Russian-speaking population, the uncertainty of the existence in this country of themselves and their children persists. Merely the solution of the land question appears to be a compromise to some extent. Consequently, new "social battles" with the enlistment of the press and innumerable roundtables, conferences, and seminars and with parliamentary crises like the last one (which was initiated, essentially, by the infamous popularity-rating vote last December) lie ahead.

So would it not have been better to have made individual amendments to the current constitution, having afforded a preliminarily elected parliament (or, ultimately, that same Assembly) an opportunity to joust over them? You will agree that there is an odd look to a country (call it predemocratic or posttotalitarian even) which has not yet outlived its first president, but which, on the other hand, has replaced two parliaments and three governments and which is hoisting up a second constitution. And where this will end, Allah only knows....

Cabinet Official Details Industrial Production

LD1307095595 Almaty Kazakh Television First Program Network in Russian 1100 GMT 12 Jul 95

[FBIS Translated Text] A regular news conference was held at the Cabinet Office today. Berdybek Saparbayev, head of the Cabinet Administration, answered journalists' questions concerning the results for June and for the half-year as a whole. Goulnar Umarbekova has more details:

[Umarbekova] He said that in the last six months there has been a tendency toward a reduction in the rate of decrease of the Gross Domestic Product. However, June was a very difficult month because there are some indications that industry failed to produce as much as it did in May. For instance, the decline in industrial production, which was caused by chronic nonpayments to coal producing enterprises. [sentence as heard] The work of sectors such as machine construction, metalworking, oil extraction, and power engineering was below the level reached in May.

Substantial progress has been made in foreign economic activity. Kazakhstan is developing trade and economic links with 90 world countries. Kazakhstan's foreign trade turnover amounted to $3.529 billion. It should be noted that a decrease in the rate of price rises in the first six months of 1995 made it possible to reduce bank interest rates, which is very important for producers of goods and especially for local investors.

The dollar's exchange rate rose by 0.6 percent against the tenge. That is to say, the U.S. dollar's purchasing power on Kazakhstan's domestic markets declined by 10 percent in the last six months.

Correspondents were also interested in the fate of the pensions fund. Pensions arrears were 945 million tenge at the beginning of July:

[Begin Saparbayev recording] We are now drafting a law — a presidential edict — on amendments to the pensions legislation. It is planned to reduce the number of privileges pensioners enjoy in order to insure targeted social protection because the number of pensioners is higher than that of those who work, if those in Semipalatinsk and the Aral region are taken into account. [end recording]

A correspondent posed the following question: How many foreign companies are attracted to running Kazakh plants? He answered:

[Begin Saparbayev recording] Our major enterprises, which have incurred huge debts, are put by us under the management of foreign companies. First of all we stipulate that the foreign company will have to pay off the enterprise's debts. It is only management functions which are handed over for a certain period, five years or so, not enterprises as a whole. [end recording]

Treaty With Russia on Joint Efforts to Guard Border

LD1207204695 Almaty Kazakh Radio First Program Network in Russian 1400 GMT 12 Jul 95

[FBIS Translated Text] Without prior arrangement, President Nursultan Nazarbayev and President Boris Yeltsin have signed a treaty between the two countries on joint efforts to guard their borders. This was reported by the press service of the State Committee for Guarding State Borders. The treaty makes it possible to agree on measures to guard external borders, whereas borders between Kazakhstan and Russia are open.

Right after the creation of the CIS, the member-states reached an agreement on ensuring a stable situation on external borders. Such an agreement was signed between Kazakhstan and Russia. On 21 October 1994 a treaty was concluded on cooperation in guarding our borders. During a visit by a delegation from the republic to Moscow in January the two heads of state signed a declaration on extending cooperation, which stressed the need for a treaty on joint efforts to guard borders. The treaty envisages the creation of a united command for the frontier troops of our two countries. Now we have this treaty. It guarantees that the external borders of Kazakhstan and Russia will be guarded safely.

Tajikistan

President Blames Opposition for New Tension

LD1207203395 Moscow INTERFAX in English 1526 GMT 12 Jul 95

[From the "Presidential Bulletin" feature: Compiled by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Emomali Rakhmanov is due to sign what will be his sixth decree on general amnesty and a package of resolutions on sweeping guarantees and social benefits to refugees and forced resettlers, First Deputy Premier Mahmadsaid Ubaydullayev said in Dushanbe on Tuesday.

He said the government was doing whatever was necessary to carry out an exchange of prisoners with opposition members by July 20 as provided by an agreement struck at the fourth round of peace talks in Almaty. Government and opposition representatives were expected to visit Tajik refugee camps in Afghanistan by July 15 but, he said, the opposition had failed to send its own delegates to the joint commission.

Ubaydullayev blamed the latest flare up of tension in the country on the opposition which, he believes, "has turned into a military-political camp aiming to take on terrorist attacks against its enemies." To make his case, Ubadullayev pointed to the latest escalation of opposition attacks on members of the country's police force.

He said opposition leader Saidabdullo Nuri called a three day opposition conference in the Afghan town of Talukan which approved a resolution to step up attacks on Tajik government officials. According to Ubaydullayev, a 200-strong rebel force led by commander Salam Mukhabbatov infiltrated parts of the Garm region where rebel attacks have increased since early this month.

He also spoke of opposition plans to step up attacks in Kulyab and Kurgan-Tyube in the south and Gissar in the west.

Head of the interior ministry's department for Garm Abduvakhob Iskandarov at a news conference on Tuesday spoke of a renewed flare up of tension in the region where "rebel units and criminal elements" had stepped a harassment campaign against local officials since mid-May.

According to the ministry, there were several rebel groups with a total strength of 150 members operating in Garm. These have no single command though some of them take orders from opposition leaders.

Prosecutor General Amirkul Azimov in an interview with Interfax ruled out the possibility of those terrorist attacks spilling into "a protracted guerrilla war." Dushanbe sees the latest flare up of tension in Garm as a drive by part of opposition members for point- scoring ahead of the next round of peace talks.

He also spoke of opposition plans to take control of the only highway linking Dushanbe with Horog (the administrative center of the eastern autonomy of Gorny Badakhshan) in an effort to make a bridgehead for further rebel advance on government forces.

'Experts' Consult on Status of Peace Process

LD1207143095 Dushanbe Radio Tajikistan Network in Tajik 1231 GMT 12 Jul 95

[FBIS Translated Text] A consultative meeting was held yesterday at the office of Tajik Deputy Prime Minister Mahmadsaid Ubaydulloyev. It was attended by the group of experts in the negotiations with the mujahiddin and the members of the commission observing the cease-fire and cessation of other hostilities on the Tajik-Afghan border and inside the country.

The process of implementing the Tehran document and all the other documents approved in Moscow and Almaty was discussed. In particular, the issues of exchanging prisoners of war and repatriating refugees to their places of permanent residence were comprehensively discussed.

Representatives of the republic's government and the Tajik opposition; the head of the UN delegation in Tajikistan, Darko Silovic; and the representative of the International Red Cross in Tajikistan, Raffael Gaya; participated in the consultations of the joint commission.

Goods Subject to Export-Import Examination Revealed

LD1207174495 Dushanbe SADO-I MARDOM in Tajik 1 Jul 95 p 1

[Supplement No. 1 to Resolution 437 of the Government of the Republic of Tajikistan of 27 June 1995]

[FBIS Translated Text] The following raw materials, products, and goods that are to be imported and exported after submitted agreements and contracts, irrespective of the sort of property, by foreign economic activity subjects, are to be examined by the Ministry of Economy and Foreign Economic Relations of the Republic of Tajikistan prior to shipping:

Export

1. cotton fiber
2. pure aluminum
3. fermented tobacco

4. silk cocoons
5. leather
6. non-ferrous and ferrous scrap-metal
7. snakeroot oil
8. mineral fertilizers
9. precious, semi-precious, and decorative stones

Import

1. grain
2. flour
3. groats
4. sugar
5. tea
6. vegetable oil
7. fuel and lubricants
8. mineral fertilizers, chemical material
9. seed
10. cars, trucks, engines, spare parts
11. tractors and agricultural machinery

Agreement With World Bank Provides 40-year Loan

LD13071[illegible]0695 Dushanbe Radio Tajikistan Network in Tajik 1200 GMT 12 Jul 95

[FBIS Translated Text] First Deputy Prime Minister Mahmadsaid Ubaydulloyev received World Bank representatives (Mustafa Ruis) and (Qosimi Rizo) yesterday. Mahmadsaid Ubaydulloyev told the guests about the country's socioeconomic situation, and in particular about the reconstruction of the republic's national economy, the introduction of the national currency, and other related issues. He also mentioned the credit which the World Bank has (?granted) to Tajikistan.

Delegation representatives said that the World Bank will allocate the necessary credit for 40 years for comprehensive support of the economic reform program in Tajikistan, at a lower rate of interest. In this connection, the republic's economic reform program must be adopted, draft plans must be submitted on all facilities of the national economy, goods production increased, changes made in issues relating to prices and trade policy, the process of privatization must be intensified, and the private production sector developed.

National Bank Chairman [Murodali] Alimarlonov and the republic's Finance Minister [Anvarsho] Muzaffarov took part in the meeting.

Turkmenistan

President Chairs Cabinet of Ministers Session

LD1207204795 Ashgabat TURKMEN PRESS in Russian 1600 GMT 11 Jul 95

[FBIS Translated Text] Ashgabat, 11 July, (TURKMEN PRESS) — The country is entering a new stage of development — a meeting of Turkmenistan's Cabinet of Ministers. A meeting took place at the country's Cabinet of Ministers in Ashgabat today [11 July] in Ashgabat, under the chairmanship of President Saparmurad Turkmenbashy [Niyazov] of Turkmenistan.

Speaking about the results of his recent visit to the Islamic Republic of Iran at the meeting, the head of state stressed the exceptional importance of maintaining Turkmen-Iranian relations at a high level and making them into a mutually beneficial partnership. "Iran is not just our good neighbor," Saparmurad Turkmenbashy emphasized, "it is also a great state that possesses solid potential and infrastructure, which is of great interest from the point of view of our bilateral trade and economic cooperation." Iran's experience of building roads and highways, in communications, the construction materials industry, irrigation and land cultivation, and other spheres matches the highest international standards. In this context, President Saparmurad Turkmenbashy made it a strict requirement to pay the most serious attention to the implementation of Turkmen-Iranian joint projects.

Saparmurad Turkmenbashy noted that the accords with Iranian President 'Ali Akbar Hashemi-Rafsanjani on extending and deepening Turkmen-Iranian cooperation are founded on a regard for mutual interests and opportunities for one another, they are effectively being enrolled within the framework of multilateral regional cooperation. The contract that was signed during the visit to Tehran on building a gas pipeline from Turkmenistan to Iran and the practical work on it, which has started. Saparmurad Turkmenbashy instructed Batyr Sarjayev, a deputy chairman of the Cabinet of Ministers of Turkmenistan, to head the Turkmen commission on comprehensive cooperation with Iran and to personally supervise the progress of implementing Turkmen-Iranian projects.

The development of Turkmenistan's relations with Russia, Iran, Turkey, Pakistan, and other states reflects our state's principled intention to expand both regional and international partnership, and to consolidate Turkmenistan's international authority as a neutral state. In this context the president praised the results of the work that the delegation from the Turkish Republic led by Foreign Minister Erdal Inonu had done in Turkmenistan.

President Saparmurad Turkmenbashy stressed at the meeting that a time had come for leaders to work fruitfully with a high sense of responsibility, and he severely criticized certain ministers who are not taking the state's interests into account in their activity. Minister of Construction Materials Khalmukhammet Orazsakhatov and the Minister of Communications Amanmyrat Jumyyev were reprimanded for failing to meet the high requirements.

Speaking about grain harvesting, the head of the state severely criticized the fact that the necessary measures are not being taken in some regions and districts to carry out harvesting and procurement of crops in an organized manner, he demanded a decisive increase in the rate of work, and he again reminded people that obligations that are undertaken must be observed without fail.

The heads of districts and regions are responsible for unfailing implementation of the planned tasks of selling grain to the state. Their ability to work will be determined by the results of the grain harvest. The leaders must approach this major and crucial deed for the motherland from the position of the state.

At the Cabinet of Ministers meeting, a detailed discussion took place on the projects that have been and are being built together with foreign companies, and on the need to make use of their capacity to consolidate the motherland's economic power and improve the prosperity of the people. Saparmurad Turkmenbashy expressed serious concern that some state organizations have concluded agreements with foreign companies but are not acting in the interests of the state, and demanded urgent measures to correct this shortcoming.

"Turkmenistan has now entered a new stage of political, economic, and cultural development," Saparmurad Turkmenbashy noted at the meeting. "That is why measures must be taken to radically change working methods and the attitude to work in all areas." These measures must be aimed at achieving profitable work in every sector. Banks have also a major part to play in accomplishing this task successfully.

The meeting stressed the need for the special government commission to familiarize itself in situ with the losses that have been incurred by population centers and industrial sites on the Caspian Sea coast as a result of the rising sea level, to determine measures to correct the situation, to prepare material on the situation in these districts, and to submit them to the president of Turkmenistan. It is planned to outline measures to make good the damage done by the elements once the commission produces its conclusions, and to allocate additional funds to implement these.

President Saparmurad Turkmenbashy signed an edict relieving Batyr Ovezov of his post of deputy chairman of the Cabinet of Ministers of Turkmenistan due to his move to academic work, and appointed M. Abalakov [name as received], who was head of administrative affairs at Turkmenistan's presidential office, to this post.

Many other matters of the country's domestic and external life were considered at the meeting of the Cabinet of Ministers.

Turkey Boosts Investment in Turkmen Economy

MM1307105995 Moscow IZVESTIYA (Financial Section) in Russian 13 Jul 95 p i

[POSTFACTUM report: "Turkish Private Companies Opening Up Turkmen Economy"]

[FBIS Translated Text] Turkish private companies have invested $1.5 billion in the Turkmen economy. Turkey is currently interested in accelerating construction of the Turkmenia-Iran-Turkey-Europe gas pipeline. The next session of the interstate council on the organization of Turkmen oil and gas exports to world markets will be held in Vienna this September. The Turkish and Turkmen Governments intend to implement a number of other joint projects — specifically in the sphere of tourism.

Uzbekistan

U.S. Vice President To Attend Environment Forum

LD1207191095 Moscow INTERFAX in English 1733 GMT 12 Jul 95

[FBIS Transcribed Text] TASHKENT, July 12 (INTERFAX) — U.S. Vice President Albert Gore will visit Uzbekistan in September 1995 and take part in an international conference on the Aral Sea problems in Nukus (northern Uzbekistan), Deputy Chairman of the U.S. Agency on International Development Thomas Dine told Uzbek President Islam Karimov today.

Dine is now visiting Uzbekistan.

The Uzbek president had requested Dine transfer to the U.S. vice president an invitation to the conference in Nukus. Karimov said he was satisfied with the development of cooperation between Uzbekistan and the U.S. and said he seeks broadening bilateral relations.

Dine praised reforms in Uzbekistan which he got a chance to see for himself during his four-day stay in the country which included visits to Samarkand, Bukhara (central Uzbekistan) and Nukus.

Growing Economic Interest in Country Seen

954F2743A Moscow KOMMERSANT-DAILY in Russian 23 Jun 95 p 4

[Article by Dmitriy Alyayev, Fedor Burzaliyev, and Gulya Chernogayeva: "To the Market Via the Turkestan Model: Uzbekistan's Relations With Foreign Countries"]

[FBIS Translated Text] Western experts have lately been increasingly noting Uzbekistan's economic success as compared to other CIS countries. According to the American BUSINESS WEEK magazine, Western investors already prefer this central Asia republic over the former regional favorite-Kazakhstan. Kiev is not far behind them in the desire to plug into Uzbek oil arteries. The high point of the just-completed visit of Ukrainian President Leonid Kuchma to Tashkent was the signing of the declaration on expansion and intensification of Ukrainian-Uzbek relations and a document on stronger economic integration.

Western Partners

The American WALL STREET JOURNAL newspaper recently published an analysis of the Uzbek economic concept, noting Tashkent's forward movement toward the market. This was seconded by the American BUSINESS WEEK magazine, which emphasized President Islam Karimov's personal contribution to economic stabilization, which makes it increasingly attractive to foreign investors.

Companies that are currently implementing major projects in Uzbekistan include such well-known concerns as Daewoo, BAT, Lonrho, Mercedes-Benz, Krupp-Hoesch, Newmont, Hoechst, Siemens, Mitsui, Technip, and others. In 1994 Uzbekistan and Armenia were the only CIS countries where the GDP actually grew. The IMF, IBRD [International Bank for Reconstruction and Development], and EBRD [European Bank for Reconstruction and Development] have recognized the Uzbek financial policy, albeit with a number of reservations, as evidenced by a score of large loans (more than $1 billion) made available this year to Uzbekistan.

In THE WALL STREET JOURNAL's opinion, Tashkent and Kiev attach special significance to the formula "Uzbek gas for Ukrainian machinery and pipes," which is intended to further reduce both countries' dependence on Russia. The foundation of Uzbek-Ukrainian relations was laid in the fall of last year during Karimov's trip to Ukraine, when the presidents signed a declaration on the foundations of intergovernment relations and agreements on elimination of double-taxation and cultural cooperation.

In addition, an agreement was reached to create a transnational corporation—the Ukrainian-Uzbek Oil and Gas Company—which envisages Ukrainian investments and deliveries of technical products for the Uzbek oil and gas industry. It was then that Leonid Kuchma, elated over his success in Central Asia, called Uzbekistan Ukraine's chief—along with Russia—strategic partner. Judging by all signs, Kiev's hope for a new oil Klondike will not materialize any time soon, if at all: For Tashkent, oil, much like gold and cotton, is a commodity it may fearlessly bring onto the world market. One can hardly doubt that Uzbekistan will try to find an oil partner more solid than Ukraine. As KOMMERSANT has learned from sources in the Uzbekneftegaz corporation, no concrete steps have yet been taken to implement the agreement with Ukraine, and this agreement "in general was more of a political than an economic one."

As to the question of dual citizenship, Karimov categorically rejected this idea, while Kuchma fully supported it. At the same time, he also fully supported the concept of integration of Central Asia countries, proposed by Karimov. Speaking of Russia's role in the CIS, the Ukrainian president mildly criticized it for striving to "build a closed economy."

The apotheosis of Ukrainian-Uzbek mutual understanding and soul-mating was Karimov's nomination for the 1995 Nobel Peace Prize. This idea was born in the bowels of the 300,000-strong Ukrainian diaspora in Uzbekistan and was verbalized by Stanislav Mansurov-Kovrigenko, chairman of the Fatherland [rendered in Ukrainian] Ukrainian National Center, at the meeting with Kuchma. The president and Ukrainian MFA [Ministry of Foreign Affairs] chief Gennadiy Udovenko enthusiastically supported this idea.

The "Turkestan" Model

Unlike Kazakhstan, which is more oriented toward Russia, Uzbekistan is trying to implement its own "Turkestan" model of development, oriented first of all at three republics—Uzbekistan, Kazakhstan, and Kyrgyzstan. In this relay, Uzbekistan dominates in terms of both population size and real economic might (the country is among the world's leading producers of cotton and gold and is consistently expanding its fuel and industrial complex). In addition, Uzbekistan's territory is home to the ancient cities of Bukhara and Samarkand, which command very high regard in the Muslim world, which also adds validity to Uzbekistan's certain claims on historic and spiritual leadership. The borders between the republics, drawn under Stalin, did not follow real population settlement patterns, and therefore ethnic Uzbeks communities in southern

Kazakhstan, Kyrgyzstan, and Tajikistan represent a very influential sociopolitical and economic force. It should be emphasized that Tashkent adamantly supports the preservation of the current borders in the regions, which enhances Uzbekistan's stabilizing role. As to Russia, its chances of restoring its formerly very strong positions in Central Asia outside the CIS are moving, in the opinion of Western analysts, into the category of theoretical notions. Western analysts also note the constructiveness of Uzbekistan's pragmatically hard line toward Afghanistan. In their opinion, Uzbekistan (in close cooperation with Russia) has become a decisive restraining force in the Tajik-Afghan confrontation.

Tajik-Uzbek ethnic conflicts go back a thousand years and are currently manifesting themselves especially acutely in Afghanistan, where the Kabul "president"—Burhanuddin Rabbani, a Tajik, and his "minister of defense" Ahmed Shamasud are opposed in the eight prosperous northern provinces by General Rashid Dostum, an Uzbek. According to a well-informed Swiss newspaper NEUE ZUERCHER ZEITUNG, unlike Kabul, which has been turned into a heap of ruins, "Uzbek" Northern Afghanistan is going through an incredible period of prosperity, its population is growing, and not only refugees from Tajikistan but also numerous resettlers from Kabul and other Afghan cities, tired of the endless massacre, have found shelter and work there. Many observers see Dostum's army as a "shield" of sorts, protecting CIS borders from Tajik and Pushtun extremists hiding behind Islamic slogans. Dostum refuses to let armed mujahidin pass through his territory to Tajikistan or use his arsenals, considered the most impressive in Afghanistan (according to Western data, Dostum has at his disposal more than 1,000 tanks and infantry fighting vehicles, 120 combat aircraft (more than 60 of them combat-worthy), and more than 400,000 units of firearms) to arm refugees from the CIS.

Tashkent is not hiding the fact that it is interested in very close economic and trade cooperation with Afghanistan and advocates stabilization of the domestic situation in that country, which would enable CIS republics to build a trans-Afghan road that would provide a gate to Pakistani ports. The Uzbek Uzvodzarubezhstroy concern recently commenced design work on the construction of a GES [hydroelectric power station] on the Shirintaghau river on territory controlled by Dostum. The $120 million contract on GES construction was recently signed in Mazari-Sharif by Uzvodzarubezhstroy management and Malikhan—head of the foreign relations department in Dostum's administration and the brother of one of Dostum's most prominent military commanders. Uzbekistan also will participate in the restoration of the Khalitkul reservoir, destroyed after the withdrawal of Soviet troops. Uzbekistan is particularly interested in restoring Afghanistan's internal water system (in order to put a stop to the Afghans' attempts to increase water intake from the Amudarya River that runs along the border with Uzbekistan). General Dostum, in turn, does not object to the participation of Uzbek specialists, especially considering that the project cost for restoring the Nakhri-Shakhri water-engineering system in Balkh Province is estimated at $150,000-200,000. Currently Uzbekistan exports into Afghanistan's five northern provinces under Dostum's control 130 million kw of electric power annually, and Dostum's personal quartermaster Khadaikulkhan keeps his own trading company, Jin-Jan, in Tashkent. As to military aid to Northern Afghanistan, Tashkent has emphasized several times that it has not, does not, and will not provide any.

For Russia, it is important that Dostum oppose the attempts to destabilize the Dushanbe regime. Afghan Uzbeks accuse Afghan Tajiks of desiring to recreate Greater Tajikistan, which runs contrary to the interests of all other parties, including Russia, Pakistan, Iran, India, the United States, and the European Union.

Armenia

'Turkish Spies' Handed to Russian Border Guards

NC1207184295 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 1026 GMT 12 Jul 95

["Villagers Captured Turkish Spies"—ARAGIL headline]

[FBIS Transcribed Text] Yerevan ("VREMYA" by-weekly), 07/12/95 —Inhabitants of the village of Bardzrashen of the Ani district suspected and arrested two unknown people, and handed them to Russian border troops.

The suspects of the villagers were true: people they have captured were citizens of Turkey, they were armed with a gun with ammunition.

Results of Elections to National Assembly Reported

Commission Summarizes Poll Results

NC1207184095 Yerevan NOYAN TAPAN in English 1146 GMT 12 Jul 95

[FBIS Transcribed Text] 12/07/95 NOYAN TAPAN—At the July 11 session of the Central Electoral Commission summed up the results of elections to the National Assembly on proportional system.

Five parties gained more than 5 percent of votes and mandates were distributed the following way: the "Hanrapetutyun" bloc — 20 mandates, "Shamiram" — 7+1, Communist Party of Armenia — 6, National-Democratic Union — 3, Union of National Self-Determination — 3.

The results of voting are the following: the total number of electors is 2178699, number of registered electors (number of those participated in the elections) — 1,195,283, total number of ballots — 1,183,573, invalid ones — 411,743. Only 54.86 percent of the electors participated in the elections, 36 percent of ballots were considered to be invalid.

Votes in favor of parties were distributed the following way:

National-Democratic Union — 57,996 (7,51 percent)
Union of National Self-Determination — 42,987 (5,57 percent)
National State — 8,397 (1,09 percent)
Arakelutyun (Mission) — 10,426 (1,35 percent)
National Organization — 6,706 (0,87 percent)
Union "Kamk" (Will) and the Party Armenian Dashnaktsutyun — 15,424 (2,00 percent)
Agrarian-Democratic Union — 12,143 (1,57 percent)
Scientific-Industrial and Civil Union — 9,940 (1,29 percent)
Democratic Party of Armenia — 13,784 (1,79 percent)
Communist Party of Armenia — 93,353 (12,10)
Liberal-Democratic Party of Armenia — 19,437 (2,52 percent)
"Hanrapetutyun" bloc — 329,300 (42,66 percent)
"Shamiram" — 130,252 (16,88 percent)

Commission Member Details Violations

NC1207194295 Yerevan NOYAN TAPAN in English 1706 GMT 12 Jul 95

[FBIS Transcribed Text] 11/07/95 NOYAN TAPAN — "Even a single violation, which was reported during pre-election period would have been enough to declare the elections invalid", member of the Central Electoral Commission Gurgen Boyajyan said. According to his words, Article 10 of the Election law was violated during the formation of precinct commissions. According to this article, each party must be represented by only one member in a precinct commission. In violation of the law, the Central Electoral Commission took a decision to provide 6 seats to representatives of "Hanrapetutyun" bloc. Thus, almost all precinct commissions appeared under control of the ruling party. This decision by the Central Electoral Commission was protested in the court, however, the court rejected the grievance.

The second serious violation reported during pre-election period was that the ruling "Hanrapetutyun" bloc and opposition parties were placed in unequal conditions during propaganda. Air time presented to "Hanrapetutyun" bloc for propaganda on TV significantly exceeded the accepted norms. Almost every day candidates-representatives of this bloc appeared on TV with speech, whereas representatives of the opposition parties were given only 30 minutes during the whole pre-election period.

Besides, "Hanrapetutyun" bloc started propagandizing its platform two days before the beginning of the official propaganda, i.e., on June 10. In violation of the law, on the July 4 night and well into July 5 morning Armenian TV was broadcasting a speech by Levon Ter-Petrosyan and representatives of "Hanrapetutyun" bloc. According to Boyajyan, in such case President should have cancelled the elections. Instead Chairman of TV and Radio Committee Hakobyan had been sacked.

Parties were placed in disparities when "Hayastani Hanrapetutyun" daily (issued on June 12,1995) published lists of parties. According to Article 21 of the Election law, the official press can publish official documents only, but not an advertisement. In violation of this article the list of parties included in "Hanrapetutyun" bloc was published on a separate sheet of paper with the Armenian symbol, flag and slogan: Freedom, State, Prosperity.

Besides, the opposition was not given a place in the official press, whereas interviews with representatives of "Hanrapetutyun" bloc appeared almost every day.

Lists of candidates published in the "Hayastani Hanrapetutyun" daily had lots of mistakes. Besides, according to the law, those lists were to be published on June 10-13, however, the newspaper started to publish lists of candidates only on June 25. This created difficulties for most of candidates, and especially for those, who were first refused registration and then told that their status of a candidate to the National Assembly was restored. In other words, some candidates had only 3-4 days for propaganda.

One of the most serious violations was granting a status of public monitors to 8,000 employees of the Ministry of Interior. According to Boyajyan, at some polling stations Interior Ministry's public monitors (there were 4 of them at each polling site) directly involved in the election process. At one of the polling stations located in No.17 precinct Interior Ministry's public monitors kidnapped a representative of one of the candidates.

Some 700 candidates running for deputy mandates by majority ballots were not registered by the Central Electoral Commission for various reasons. Among them are Zori Balayan, Suren Zolyan, Ashot Manucharyan, Ludmila Harutyunyan and others, who might have been very useful in the new Parliament.

Boyajyan said that, leaders of "Hanrapetutyun" bloc had no obstacles in precincts. Thus, in No.28 precinct, where one of AANM's [Armenian Pannational Movement] leaders Eduard Egoryan was running for deputy mandate, 14 candidates, his opponents, were excluded from the list. In a precinct, where Deputy Chairman of the Supreme Council Ara Sahakyan was running for deputy mandate, 8 other candidates were not registered. The same happened in precincts, where Leader of the Republican Party, Supreme Council's deputy Ashot Navasardyan and Chairman of Christian Democratic Union Azat Arshakyan (both are representatives of "Hanrapetutyun" bloc) were running for deputy mandate. Thus, in the majority of precincts only those candidates, who pose no danger to representatives of "Hanarpetutiun" were left. However, according to Boyajyan, even in this case, the authorities were not insured from misfortunes.

Two months ago the Armenian Supreme Council adopted a resolution according to which referendum on draft Constitution should take place from 8:00 am to 8:00 pm. Two months later, on the election day, the Central Electoral Commission adopted a resolution extending the elections and the referendum by two hours, i.e., until 10:00 pm. Doing this the members of the Central Electoral Commission referred to the Election law, which allows Central Election Commission to extend the time of elections and referendum at certain polling stations. However, the Election law and the Referendum law are quite different laws, and the latter does not allow for alteration or extension of the time of voting.

Yet, the chain of violations of the law was not over.

All protocols, which after the end of the elections and the referendum should have been presented to the Central Electoral Commission "stuck somewhere on the way". When members of the Central Electoral Commission phoned precinct commissions, they were told that protocols had been already sent to the Central Electoral Commission. Meanwhile, as of July 6 morning the Commission received a protocol from only one precinct.

According to the Election law, first of all results of the elections by majority ballots should be made public, no one has the right to announce results of the referendum or the elections by proportional ballots before this. However, after the elections had ended, quite another thing happened.

Boyajyan also announced that some 70 candidates and a number of political organizations filed numerous suits to the court. The Central Electoral Commission received numerous grievances.

According to Gurgen Boyajyan, even the "well-tamed" Central Electoral Commission will not be able to ignore those complaints.

"Arbitrariness — that is what happened during the July 5 elections," Gurgen Boyajyan said.

Second Round of Election Set

*NC1207153495 Yerevan SNARK in English
1735 GMT 11 Jul 95*

[FBIS Transcribed Text] Yerevan, July 11 (SNARK)—The Central Election Commission has drawn a resolution on the second round of elections to the National Assembly of Armenia, to be held on July 29. The list of election districts has been approved.

Azerbaijan

Further Reportage on Turkish Premier's Visit

Oil Pipeline Route Discussed

LD1207134795 Moscow INTERFAX in English 1231 GMT 12 Jul 95

[FBIS Transcribed Text] BAKU, July 12 (INTERFAX) — Turkey will strive to lay the route of the oil pipeline, which will supply Azerbaijani oil to the world markets, through its territory, Turkey's Prime Minister Tansu Ciller declared at a press conference in Baku Tuesday.

In her words, the Azerbaijani side backs Turkey on this issue. Turkey's position also finds understanding in the US government, Chiller said and reported about the plans to hold negotiations on this problems with the governments of those countries which are represented in the Caspian oil consortium.

At the meeting with leaders of the Azerbaijani International Operating Company (AIOC) Ciller declared that Turkey plans to build a transregional pipeline in order to transport oil from Kazakhstan through the Caspian Sea and Azerbaijan to the Turkish Black Sea port of Dzheikhan.

"Don't worry about the problems of security of this route, Turkey will pay the greatest attention to this issue and the danger of terroristic acts will be completely excluded," she promised.

Speaking about transportation of early oil, Ciller said that Georgian version of the route, which Turkey backs, is the best one.

AIOC president Terry Adams reported that at present two variants of early oil export are under consideration, the Russian and the Georgian ones. The final decision on this issue is to be adopted within the next two months.

"There appear many political aspects due to which the process of selection acquires a competitive nature," Adams said. "But we shall choose a variant which is the most efficient from the commercial point of view."

"As far as the strategic pipeline is concerned, we believe that the Turkish variant is more preferential. However, we shall start discussing this issue after we finally solve the problems with early oil transportation."

Agreement Signed on Deferring Debt

LD1207201695 Moscow INTERFAX in English 1526 GMT 12 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[FBIS Transcribed Text] Moscow, 12 Jul (INTERFAX) — President Geydar Aliyev and Turkish Prime Minister Tansu Ciller met in Baku on Tuesday to sign an agreement on deferring for another two years the repayment of Azerbaijan's $250 million debt to Turkey.

IF Note: Baku had used only $60 million of that sum for imports of food and medical supplies when the Ankara-authorized Eximbank froze the crediting line because of Baku's failure to repay its debt.

Speaking afterwards, Aliyev described the Turkish leader's visit as being a landmark in consolidating friendship and cooperation between the two countries. Aliyev expressed the hope that economic links with Turkey could help reverse the country's economic plight which he described as hard. The president said Azerbaijan's economic potential was very great, but could not be made to work at to full capacity because of disruption of former economic links.

Aliyev also spoke of agreement being reached on Turkish aid to the besieged Azeri autonomy of Nakhichevan.

For her part, Ciller praised the establishment by Agroprombank of Azerbaijan and Ziiaretbank of Turkey of a joint bank with a charter capital of $1 million. She said this should help boost up business contacts between the two countries. Ciller also announced that a group of Turkish experts would arrive in Azerbaijan soon to examine the possibility of setting up new joint ventures.

On the Caspian Pipeline Project [CPP], she said Ankara would seek to get the pipeline for pumping Azeri oil to world market to pass via Turkish territory.

Ciller said Baku was supportive of her position which also found understanding in the United States. She also unveiled plans to hold talks with members of the CPP consortium.

Foreign Minister Comments on Talks

LD1207210395 Moscow ITAR-TASS in English 1948 GMT 12 Jul 95

[By Sevindzh Abdullayeva and Viktor Shulman]

[FBIS Transcribed Text] BAKU, July 12 (ITAR-TASS) — Azerbaijan and Turkey consider political partnership as a fundamental element of relations between the two countries, Azerbaijani Foreign Minister Gasan Gasanov said.

Gasanov said this understanding is the main result of Turkish Prime Minister Tansu Ciller's visit to Azerbaijan that ended on Wednesday.

In an interview with ITAR-TASS, the minister said the two countries agreed that Turkey should play a more active role in the settlement of the Armenian-Azerbaijani conflict.

On the economic front, he pointed out that the delegations confirmed their desire to boost bilateral ties covering cooperation both within the framework of a previous agreement to develop three oil deposits in the Caspian shelf and the participation in new projects launched by Azerbaijan.

The sides agreed to set up more joint ventures and encourage Turkish businesses to invest in the Azerbaijani economy.

Aliyev, Ciller Comment on Ties

NC1207185795

[FBIS Editorial Report] Baku Azerbaycan Radio Televiziyasi Television Network in Azeri at 1610 GMT on 11 July begins a live broadcast from a ceremony held at the Republic Palace in Baku, where Aliyev and Turkish Prime Minister Tansu Ciller are addressing "representatives of Azerbaijani society." Reception is fair.

Starting his address at 1611 GMT, Azerbaijani President Aliyev conveys the Azerbaijani people's greetings to Turkish Prime Minister Ciller. Aliyev says: "For the past two days Turkey's prime minister, the esteemed Mrs. Tansu Ciller, has been paying an official visit to Azerbaijan at my invitation. We have been meeting for the past two days and in this short period very productive talks have been held, views exchanged, and important agreements reached to consolidate and develop the ties between Turkey and Azerbaijan."

Aliyev goes on to say that Ciller's visit to Azerbaijan "is a clear sign of Turkey's concern, respect, and love toward the Azerbaijani people." Aliyev then praises the "friendly and fraternal" ties and cooperation between the Turkish and Azerbaijani peoples in "overcoming the difficulties and misfortunes faced jointly." He says: "Our historic roots, national traditions, language, religion, cultural similarity, and common historic experience unite our peoples."

After stressing ties of friendship and expressing gratitude for Turkish help to Azerbaijan as far back as 1918, Aliyev goes on to praise Turkey's social, political, and economic achievements since the establishment of the Republic by Ataturk. Recalling Ataturk's words that "If Azerbaijan is happy we will be happy and if it is sad we will be sad too," Aliyev declares: "In expressing the Azerbaijani people's will, I say here today that if Turkey is happy Azerbaijan will be happy and if Turkey is injured, troubled, and sad Azerbaijan too will feel injured, troubled, and sad."

Noting that Turkey has linked the normalization of ties with Armenia with the need for Armenia to normalize its ties with Azerbaijan, Aliyev says: "We appreciate this. All these were at the focus of our talks yesterday and today. That is, the friendly and fraternal ties, the method and direction of developing these ties, measures to extricate Azerbaijan from this grave situation, and the peaceful solution of the problem were examined. Our esteemed guest and dear sister Tansu Ciller repeatedly expressed her firm position. She repeated this view at the news conference today and I am sure that her position will remain the same as the position of the Turkish people and Government."

Aliyev adds: "Azerbaijan's major problem is Armenia's aggression against Azerbaijan. We want to deliver ourselves from this aggression. Azerbaijan has been living as an independent state for over three and a half years. Azerbaijan regards its independence as a lofty spiritual wealth and a great achievement. Our people, the entire society, state, and myself as president, will keep working to eternalize Azerbaijan's independence. We will never give up our independence and freedom. For this Azerbaijan's territorial integrity must be restored. Over 20 percent of Azerbaijani land has been occupied by the Armenian Armed Forces through Armenia's military aggression, Azerbaijan's territorial integrity has been violated, and a major injustice has been committed against the Azerbaijani people. Over 1 million of our citizens have been displaced from the occupied land. Over 700 cities, towns, and villages have been destroyed; industrial and agricultural enterprises, hospitals, schools, libraries, cultural centers, buildings, and historic monuments have been demolished by the Armenian occupiers; and major blows have been dealt to the Azerbaijani people. We are enduring these blows."

Aliyev adds: "We want to extricate ourselves from these difficult days. So we concluded an agreement with the Armenian Armed Forces in May 1994. The cease-fire has now been holding for over 13 months. We are using this period to reach the Major Political Agreement and a reliable peace. We want to end the war. We do not want war. We want peace, and we want to bring this conflict to a peaceful conclusion. For that we will keep taking many steps. These problems could be solved within international organizations, within the Minsk Group. Turkey has always supported us and helped us to try and solve these problems. But I want to reiterate: Let the Azerbaijani people and the world know that we do not want war. We covet no one's land. But we will not give even one inch of our land to others. We cannot tolerate the occupation of our land. We want to solve this problem peacefully, we want to ensure Azerbaijan's territorial integrity and the inviolability of its borders, we are working to return our citizens to their homes. We are proceeding along this peace path. Azerbaijan is a peaceloving country, the Azerbaijanis are a peaceloving people. But let the whole world know that we will not give one inch of our land to anyone and we will work and fight to our last drop of blood for the liberation of our land. I am sure the Turkish people, the Turkish Republic, and Turkish society will continue to side with us and support us in our just endeavor, and will spare no effort to help us to surmount this difficult period."

Aliyev then says they are establishing a law-based, democratic, and civilized country. He says major economic reforms are under way to introduce a market economy. He also says Azerbaijan will hold parliamentary elections on 12 November under full democratic conditions. He says there is already complete freedom of the press and expression and political activity. He adds: "To implement all these reforms we need the support of the friendly countries, including Turkey. I am sure we will benefit from this support."

Aliyev adds: "I want to state that during Prime Minister Ciller's visit we discussed very important problems and reached important agreements. I believe the ties between our countries will develop faster on the basis of these agreements. We want to be a friend and good partner with Turkey in every field, including the economic field. We are capable of being a good partner. I believe we will attain this goal."

Aliyev ends his address at 1643 GMT with a eulogy to Ciller.

Speaking immediately afterward, Turkish Prime Minister Tansu Ciller says the Turks feel the same love for Azerbaijan. Ciller speaks of shared historic and cultural traditions and adds: "The deep closeness between these two fraternal nations is only natural and no one should interpret this differently. Even if they do it is impossible to change history."

Ciller then praises Azerbaijan's efforts to adopt a market economy and adds that Turkey will give every support to the successful conclusion of this project. She says it is not easy to achieve democratic reforms while tackling "the attack from without and making a transition to a market economy." She says democracy needs common sense and patience and is not easily attainable, but Azerbaijan with its steps poised towards democracy "holds the light and shows the direction for the entire region." Ciller adds: "While trying to introduce these reforms, Azerbaijan has been subjected to various unjust criticisms and attacks. If truly the world believes in human rights, international law, and democracy there is no way it can accept Armenia's occupation of a fifth of Azerbaijan. From this podium I again call on Europe and the Western world, which talks of the violation of human rights: If you are discussing human rights and carrying the banner of human rights, Azerbaijan is the place you should be today, Azerbaijan is the country with which you should side."

Ciller adds: "You should know that Azerbaijan is not alone in its just cause. I visited the refugees today. I embraced my Azerbaijani brothers and sisters with compassion and love. I saw that they are suffering great misfortune; they have been separated from their land and have become the most stark proof of human rights violations. Turkey can certainly provide help; we will continue to extend help. I promise to bring this to the attention of the world. Today I brought you the greetings, love, and the eternal support of your 60 million brothers in Turkey. I want to repeat the words of our forefathers and of Aliyev today: Many things will change in this region. This region will probably witness further change. The only unchangeable thing will be the fraternity of Turkey and Azerbaijan. With this feeling in my heart, I am stating that Azerbaijan will never be alone. Turkey in its turn will never be alone, because Turkey will always be there where Azerbaijan is and I believe that Azerbaijan will always be there where Turkey is. With these feelings, I again embrace you all with love and respect, and want you to be convinced that this sister of yours will support your just cause around the world. Respectfully."

Ciller concludes her address at 1656 GMT.

The statements by the two leaders are followed by a cultural program.

Turkish Premier Departs

NC1207150395 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1250 GMT 12 Jul 95

[FBIS Translated Excerpt] Turkish Prime Minister Tansu Ciller, who paid a three-day official visit to our republic at the invitation of Azerbaijani President Geydar Aliyev, left for home today.

[Begin recording] [Unidentified off-screen correspondent] Turkish Prime Minister Tansu Ciller, who paid a three-day official visit to our republic at the invitation of President Geydar Aliyev, visited Kafkas University in Baku before leaving for home. [passage omitted]

[Unidentified correspondent addresses Ciller] During your previous visit to Azerbaijan you said we are children of the same mother. How do you feel now as you leave this homeland for the other homeland?

[Ciller] I feel the same way as a mother who leaves one child to visit another.

[Unidentified correspondent] Were you pleased with your talks?

[Ciller] Very, very much. I love you all very much. I am pleased once more to convey my love to every Azerbaijani, to my children, young and old. They are my soul.

[Unidentified correspondent] Azerbaijani President Aliyev said yesterday that Azerbaijan, Turkey, and other states should take additional measures for the peaceful solution of the Nagorno-Karabakh problem. What will be Turkey's next step?

[Ciller] Turkey has always been on Azerbaijan's side. Together with esteemed Aliyev we have always discussed, and will continue discussing, this problem at the OSCE and Minsk Group and in talks with the United States. Azerbaijan is right. Turkey will always be on its side in its just cause. We will constantly explain this problem to the world. If there is such a thing as human rights and international law, then those who believe in them should not condone such an occupation. We will always explain this.

[Unidentified correspondent addresses President Aliyev] Mr. President, are you satisfied with the talks?

[Aliyev] I was very satisfied. Mrs. Ciller, our dear sister and great friend of the Azerbaijani people, honored us by coming here. I believe it was a short visit but she thinks it was long enough. Notwithstanding its shortness, we accomplished much. We held beneficial, meaningful, and substantial talks and exchanged views on interstate ties, in particular on Armenia's aggression against Azerbaijan and international politics. I am very pleased with this visit and I thank esteemed Mrs. Ciller. I am here to see her off as a brother, hoping she will return to Azerbaijan.

[Unidentified correspondent] Do you have any message for Turkey?

[Aliyev] I convey my love to the Turkish people. Turkey's great stateswoman Tansu Ciller further promoted Turkey in Azerbaijan.

[Off-screen correspondent] While seeing off the esteemed guest, President Geydar Aliyev asked Prime Minister Ciller to convey his sincere brotherly greetings to Turkish President Suleyman Demirel and the Turkish people. Turkish Prime Minister Ciller was seen off at Bina Airport by the chairman of the Supreme Soviet, Rasul Guliyev, Prime Minister Fuad Guliyev, the head of the presidential executive staff, Ramiz Mehtiyev, deputy chairmen of the Supreme Soviet, deputy prime ministers, ministers, heads of committees and enterprises, and other officials.

After the farewell ceremony President Aliyev gave an interview to Turkish reporters in Azerbaijan on the result of the visit. [end recording]

Ciller's Discussions Detailed

NC1207184195 Baku TURAN in English
1348 GMT 12 Jul 95

[FBIS Transcribed Text] Baku /12.07.95/TURAN—Visit of Tansu Ciller to Baku completed. The visit did not justify hopes on allotting of additional credits for financing of the packet of economic projects proposed by the Government of Azerbaijan. The observers believe that Ankara is not satisfied with utilisation of $250 million credit earlier allotted by Turkey to Azerbaijan and Tansu Ciller does not wish to spend money not knowing how they will be spent.

Regarding to bilateral co-operation the Turkish Premier avoided concrete words and did not give any promises. The only step she has made towards Azerbaijan was delay of payment off $250 million credit allotted in 1992.

However, there is another assessment to the results of Ciller's visit. The sources close to the Government said that the basic part of the talks remained behind the closed doors. During these consultations the sides discussed the following strategical issues: oil pipeline and settlement of the Armenian-Azerbaijani conflict. It is difficult to say what resolutions were adopted, however, according to several sources, the positions on these issues are co-ordinated. Touching upon the route of the strategical oil pipeline from Azerbaijan to Europe, Tansu Ciller said during yesterday's press-conference: "Turkey backs up the variant of the laying of strategical oil pipeline through its territory. And the U.S. also shows understanding to this issue".

Addressing to the Armenian-Azerbaijani conflict settlement, Tansu Ciller repeated Ankara's position that the issue must be settled within the frameworks of the OSCE. However, the sources close to the Turkish Premier say that Ankara and Baku co-ordinated their positions to the Armenian-Azerbaijani settlement. The position is that the oil pipeline will be laid through Armenia in exchange for preservation of Nagorno Karabakh in Azerbaijan with giving it broad autonomy. This position was co-ordinated with Washington as well, the same source said. "Laying of the oil pipeline through Armenia's territory gives the chance to Yerevan to receive real economic independence and to Baku — to liberate occupied territories", the source from Tansu Ciller's entourage noted.

Georgia

Further on Russian Council Chairman's Visit

Shumeyko, Shevardnadze Sign Agreement

*LD1207151995 Moscow ITAR-TASS in English
1312 GMT 12 Jul 95*

[By Lyudmila Yermakova]

[FBIS Transcribed Text] TBILISI July 12 (ITAR-TASS) — Russian Federation Council Chairman Vladimir Shumeyko and Georgian parliament chairman Eduard Shevardnadze signed an inter-parliamentary cooperation agreement today.

The sides agreed to cooperate "in the political, socio-economic, humanitarian and other areas of mutual interest".

A standing inter-parliamentary commission (IPC) will be set up to coordinate the contacts between the legislatures.

Shumeyko said the IPC would be "a bridge for making the legislatures of the two countries closer".

He said the document is not an international agreement but it is politically important as it will help integration.

The agreement is also needed for the strengthening of the CIS Inter-parliamentary Assembly (IPA), Shumeiko said.

He lauded the role of Shevardnadze, IPA chairman, in promoting the assembly's authority.

Shevardnadze said the agreement "will make a good ground for further friendship, cooperation and neighbourly relations between Georgia and Russia, about which we had talked with Boris Yeltsin".

Shevardnadze met the Russian parliament's board for discussion of a broad range of problems with a focus on separatism.

It was stated that dishonest politicians exploit separatism to their ends.

Shumeyko admitted that Russia's attitude towards Abkhazia's separatist drive changed with the political situation in Georgia.

"Abkhazia showed a readiness to join Russia when Georgia was led by Gamsakhurdia, who proclaimed: "Georgia is for Georgians", Shumeyko explained.

There are a different Georgia and a different situation today, he continued.

However, the public opinion and stances of some politicians, including State Duma members, are still influenced by the old situation, he said.

Shumeyko met Georgian Prime Minister Otar Patsatsiya.

Shumeyko said during the talk that "Russia is interested in a strong, integral Georgian state". He said Abkhazia "may not be recognised as an independent state" from the perspective of international law.

Shumeyko said he saw a political solution to the Abkhazia issue in Georgia's adoption of a new constitution which would proclaim Georgia a federative state.

Patsatsiya said "there are contacts between Abkhazia and Chechnya". He said Abkhazia has bases for mercenaries who are en route to Chechnya from other countries. However, "it is not too late now to stop this process", he said.

Patsatsiya stressed that the Abkhazia issue would not be managed without participatiom of Russia.

Return of Georgian refugees to Abkhazia is a crucial priority now, he said.

Georgian Defence Minister Vardiko Nadibaidze and commander of Russian peackeeping forces Vasiliy Yakushev went to Abkhazia's Gali region to ascertain the situation with refugee return. Refugee return is likely to start next week.

Shumeyko, Patsatsia Discuss Abkhazia

*LD1207141495 Moscow INTERFAX in English
1226 GMT 12 Jul 95*

[FBIS Transcribed Text] TBILISI, July 12 (INTERFAX) — A meeting of Chairman of the Russian parliament's upper chamber Vladimir Shumeyko and Georgian Prime Minister Otar Patsatsia was held Wednesday in Tbilisi to discuss Abkhazian settlement.

According to a report of an INTERFAX correspondent, Patsatsia expressed his dissatisfaction with the trips made by some Russian officials to Abkhazia without informing the Georgian leaders.

The Prime Minister stressed that Abkhazian sea borders are not protected and "have turned into a sea bridge to Turkey" where up to five ships under the Russian flag are leaving daily. In the words of Patsatsia, the ships are not only carrying food to Abkhazia "but also bring arms and groups of mercenaries who are later revealed in Chechnya."

In the opinion of the Prime Minister, the visit of Shumeyko to Georgia will help settle the Abkhazian problem "gradually and jointly."

Shumeyko noted that settlement of the Abkhazian problem has started, and commander of the Russian peace-making troops in Abkhazia Vasiliy Yakushev and Georgian Defense Minister Varden Nadibaidze "are working to return refugees to the Ghali region."

He hopes that the new Georgian Constitution based on federalism will be adopted and help "finalize the conflict settlement."

Shevardnadze's Possible Election 'Rivals' Viewed

AU1207150795 Tbilisi MIMOMKHILVELI in Georgian 6-12 Jul 95 pp 1, 2

[Unattributed report: "Shevardnadze's Rivals Prepare for Battle"]

[FBIS Translated Text] The electoral war in Georgia is drawing near. It is precisely a "war" and not simply "electoral fever." Several people have already died in preliminary skirmishes on the battlefield and it is not excluded that this list will be even longer as it has been decided in principle to introduce presidential rule in the country and to focus the greatest part of power in this institution. The main and decisive battle will be fought precisely in this arena. The parliamentary elections will have only secondary importance, given that the future fate of the political parties has already been decided — the president will pardon and accept some of them while the remainder will finally be removed from the political arena.

At the last session of parliament, Giorgi Kobakhidze, one of the leaders of the National-Democrats, accurately pointed out that Shevardnadze's rivals in the future presidential elections will be "his own supporters." There is no paradox here. As can be seen, Kobakhidze meant that the opposition is currently unable to put forward an alternative candidate; the alternative to Shevardnadze will be his political prototype, someone with his world outlook or a person who agrees with the present head of state on general political issues (for example, from the point of view of relations with Russia) but, to win power, he will oppose him on tactical questions — first and foremost, on account of the fact that the "northern policy" is being implemented with insufficient consistency and purposefulness.

If we observe closely the recent development of events and trends, it will not be difficult to highlight that circle of people who will be serious rivals to Shevardnadze in the future presidential elections. It includes unexpected though fairly strong figures, for example, Nodar Chitanava. This figure has, until recently, remained in the shadows. However, he has several fairly important political and psychological attributes if not to achieve success then, at any rate, to present serious competition to Shevardnadze. First and foremost, if Nodar Chitanava will want to take part in the future elections (what else can the formation of a new party three months before the elections mean? — isn't it clear that this party will be unable to achieve any success in the parliamentary elections?), he will undoubtedly receive the support of that part of the social (in particular the technocratic and industrial) elite that is experiencing some kind of "psychological exhaustion" on account of Shevardnadze's inconsistent policy. At the same time, he will receive the votes of those supporters of Zviad Gamsakhurdia who will decide to participate in the elections as Nodar Chitanava is more or less associated with the former president (he had been appointed minister of agriculture by Zviad Gamsakhurdia when the "putsch" in Georgia had already begun). A powerful economic support and social base will have the greatest importance in the future elections. Bakur Gulua could possibly have become leader of the industrial elite, but Shevardnadze removed him from the political arena in time and appointed him deputy prime minister. However, so many such contenders have appeared that there is indeed an insufficient number of deputy prime ministerial posts to satisfy ambitious rivals.

A second and more serious rival to Shevardnadze could be Jumber Patiashvili [former Communist Party Central Committee first secretary, removed from this post following the events of April 9 1989 when 21 Georgians were killed during the forceful dispersion of a peaceful protest rally by Russian soldiers] who has become significantly more active recently with his speeches regarding credits (one has to assume that, in this regard, Patiashvili probably has very important proof in his hands). This is only the prelude to the forthcoming electoral campaign, the basic rules for which will continue to show the inconsistency of Shevardnadze's policy, which is already arousing palpable displeasure among those strata of society that formerly supported the head of state.

It is not excluded that the presidential elections and the preelection campaign in particular will turn into Shevardnadze's trial. From this point of view, the aforementioned two contenders will undoubtedly unite their efforts and, as the elections draw nearer, one of them will withdraw his candidacy in favor of the other. In any case, Eduard Shevardnadze is not guaranteed the "presidency." In order to acquire this title, he will have to fight a very hard and possibly bloody battle.

Ardzinba Comments on Returning Refugee Agreement

LD1207191495 Moscow ITAR-TASS in English 1624 GMT 12 Jul 95

[FBIS Transcribed Text] MOSCOW, July 12 (ITAR-TASS) — A statement by President Vladislav Ardzinba of Abkhazia circulated on Wednesday says that Abkhazia "strictly observes" the quadripartite agreement of April 4, 1994, regulating the voluntary return of refugees to the republic.

"We have unilaterally registered 1,500 of the 40,000 people who returned to the Gali region of Abkhazia," the statement says.

According to expert estimations, the issue connected with the return of refugees who left their permanent places of residence during the Georgian-Abkhazian conflict is currently one of the most important obstacles on the way of settlement of the conflict consequences.

Abkhazia To Prevent Large-Scale Refugee Return

LD1207134895 Moscow INTERFAX in English 1034 GMT 12 Jul 95

[FBIS Transcribed Text] SUKHUMI, July 12 (INTERFAX) — The Abkhazian government is planning to prevent large-scale return attempts of Georgian refugees to the Ghali region, Abkhazian Vice-President Valeriy Arshba told INTERFAX Wednesday.

In his words, "the Abkhazian side strictly abides by the quadripartite documents in the issue of Georgian refugee return. Any action running counter to these documents, including the large-scale return of Georgian refugees, will be viewed as a provocation and immediately cause adequate measures," he said.

Head of the Ghali regional administration Ruslan Kishmariya told INTERFAX he had a meeting with a representative of the Russian peace-makers this morning in Ghali. The Russian high-ranking officer asked Kishmaria about Abkhazian actions in case of large-scale return of refugees to the Ghali region. Kishmariya stressed that "any actions of the sort will be prevented."

In also said that three Russian military helicopters landed on Georgian territory near the Zugdidi town this morning, and did not exclude a provocation "to involve Georgian refugees."

Estonia

More on Russian Deputy Foreign Minister's Visit

Consular Convention Ratified

LD1207183095 Tallinn Radio Tallinn Network in Estonian 1500 GMT 12 Jul 95

[FBIS Translated Text] The Estonian-Russian consular convention, which regulates consular relations between the two countries, will come into force on 11 August. Estonian Foreign Minister Riivo Sinijarv and Russian Deputy Foreign Minister Sergey Krylov exchanged the ratification letters of the convention in Tallinn yesterday. The convention comes into force 30 days after the exchange of ratification letters.

Estonia and Russia signed the convention as early as December 1992. The convention stipulates the status of consular officials of both states, guarantees their working conditions and position in the other country, Juri Arusoo, press secretary of the Estonian Ministry of Foreign Affairs, told the Baltic News Service.

Results of Krylov Visit Summarized

LD1207210495 Moscow INTERFAX in English 1733 GMT 12 Jul 95

[FBIS Transcribed Text] TALLINN, July 12 (INTERFAX) — Russian Deputy Foreign Minister Sergey Krylov's visit to Estonia, that ended Wednesday, made it possible to step up dialog between the two countries, Raul Malk, vice-chancellor of the Estonian Foreign Ministry, told INTERFAX Wednesday.

He emphasized that normalizing relations with Russia is as important for Estonia as integration into European structures.

Malk said that bilateral relations have somewhat improved.

He said that Krylov had handed Estonian Foreign Minister Riivo Sinijarv a letter from Kozyrev outlining Moscow's position and suggesting that the state of bilateral relations be discussed at their meeting.

Malk believes that this meeting can take place next fall.

He said that the border issue and trade are the top problems in bilateral relations.

Tallinn wants the 1992 bilateral agreement on free trade ratified and is willing to compromise on the land border between the two countries, Malk said.

In his words, experts on the border issues from the two countries will meet in Tallinn at the end of July.

Prime Minister Discusses Economic System

WS1207145095 Tallinn BNS in English 1449 GMT 12 Jul 95

[FBIS Transcribed Text] Tallinn, Jul 12, BNS — Estonian Prime Minister Tiit Vahi in a newspaper article published on Wednesday said the country's monetary system, based on the kroon's fixed exchange rate to the German mark, had beside its known merits also certain disadvantages.

Calling the monetary system based on a fixed exchange rate "primitive and fool-proof," Vahi added that also its shortcomings were already evident.

"Elsewhere in the world monetary policy is being made in a bit more complex manner and I think that also Estonia should think about that," the prime minister said in remarks published in the POSTIMEES daily newspaper.

Yet, the prime minister didn't suggest making changes in monetary policy or say that Estonia should give up the fixed exchange rate monetary system.

In Vahi's words the main defect of the country's monetary system is that the total of cash in circulation has increased 3-4 times over the past three years while GDP downfall has continued.

Vahi in the article cites the monetary principles of Germany, where, he says, increase in the total of cash in circulation must be linked to GDP rise, plus 2-3 percent for inflation.

Just a few lines lower Vahi says, however, that the increase in the total of money in circulation in Estonia is "natural," though by a few percent above the optimum.

Estonia, using the so-called currency board monetary system, has written into its laws that the amount of the national currency in circulation must be covered by hard currency reserves.

Vahi's article came as a response to remarks by opposition Reform Party leader Siim Kallas, former governor of the central bank, who in an article on July 7 claimed that Vahi had "never understood the macroeconomical working mechanism of Estonia's monetary policy." Kallas quoted the prime minister as having said that price rise in Estonia was caused by printing of money without coverage.

Vahi in Wednesday's article said he had never said so.

Lithuania

PRC Legislative Delegation Continues Visit

WS1307082395 Vilnius ELTA in English
1955 GMT 12 Jul 95

[From "News Bulletin" No. 797]

[FBIS Transcribed Text] Kaunas, July 12, ELTA — The delegation of China's National Assembly visited Lithuania's second largest center, Kaunas. It was accompanied by the Chinese Ambassador to Lithuania Wang Zhaoxian.

Kaunas Mayor Vladas Katkevicius told the guests about the town's economic relations with the oriental country.

Though a number of joint Lithuanian-Chinese ventures had already been established in Kaunas, the contacts could be developed further due to the town's good geographical location and prospects of developments in the transportation field.

Wang Hanbin, deputy chairman of the Assembly's Permanent Committee, speaking on behalf of the delegation, said his country was highly interested in making wider contacts with Lithuania, and, in particular, its industrial center, Kaunas.

The guests showed interest in Kaunas' major branches of industry.

Later, the Chinese delegation had a meeting with members of the presidium of Lithuanian Trade and Industry House and Kaunas' businessmen.

The guests made a trip to Rumsiskes and did some sightseeing in the Old Town of Kaunas.

Diplomatic Relations Established With FYROM

WS1307103095 Tallinn BNS in English
0902 GMT 13 Jul 95

[FBIS Transcribed Text] Vilnius, Jul 13, BNS — Lithuania and the Former Yugoslav Republic of Macedonia [FYROM] have established diplomatic relations, the Lithuanian Foreign Ministry's press service reported Thursday.

According to notes exchanged by Lithuanian and Macedonian embassies in Stockholm, diplomatic relations were established on July 11.

Officials in both countries have expressed hope that the step will promote friendly relations and bilateral cooperation in different areas.

Macedonia became the 99th country to establish diplomatic relations with Lithuania.

Prime Minister: Foreign Debt 'Not Very Significant'

LD1207115895

[FBIS Editorial Report] Vilnius Radio Vilnius Network in Lithuanian at 0730 GMT on 12 July carries a 23-minute live weekly interview with Lithuanian Prime Minister Adolfas Slezevicius in Vilnius.

Speaking on foreign debts, Slezevicius says Lithuania's foreign debts are not very significant and should not cause concern.

The prime minister says that his cabinet is well aware of the public concern over the increasing foreign debt and therefore has set a maximum limit. "Foreign loans must not exceed 16 percent of GDP. On 1 January 1995, our foreign debt amounted to 8.7 percent of GDP," Adolfas Slezevicius says. He adds that this figure is 84.5 percent in Hungary and 71 percent in Poland.

The prime minister stresses that Lithuania is spending only 1.2 percent of its annual budget on interest charges, while Hungary and Poland are spending 22 and 12 percent of their budgets for this purpose, respectively. "The volume of our loan is very insignificant," Prime Minister Slezevicius notes. He adds that Lithuania had so far spent $486 million in foreign loans, which represents only about $130 U.S. share per capita.

According to Adolfas Slezevicius, the growing number of foreign loans demonstrates that international lenders are becoming increasingly confident in Lithuania's ability to repay them. "No one would lend money to a country whose economic policies, economic stability, and political stability are questionable," Mr. Slezevicius said.

Prime Minister on Gold, Hard Currency Situation

WS1307082595 Tallinn BNS in English
1459 GMT 12 Jul 95

[FBIS Transcribed Text] Vilnius, Jul 12, BNS — The gold and hard currency reserve of the Lithuanian central bank presently amounts to more than 600 million U.S. dollars and has increased by 22 million dollars in June, Prime Minister Adolfas Slezevicius said in a radio interview Wednesday.

The premier stressed that the gold reserve considerably exceeds the country's foreign debt, which now stands at 486 million dollars.

Commenting on statements that Lithuania is heavily in debt, Slezevicius noted that the country's external debt currently makes up 8.6 [percent] of the country's gross domestic product, while the debt ceiling fixed in the recently approved state borrowing program is 16 percent of the GDP.

Meanwhile, foreign debt makes up 84.5 percent of the GDP in Hungary, 71 percent in Poland and over 100 percent in Belgium, Italy and Ireland, Slezevicius said.

Besides, he added, Lithuania spends only 1.2 percent of its budget on debt administration and payment of interest, while the figure is 22 percent in Hungary and 12 percent in Poland. The premier also noted that the per capita external debt is 130 U.S. dollars in Lithuania, more than 2,000 dollars in Hungary and around 1,500 dollars in Poland.

Slezevicius said Lithuania's increasing foreign debt is one of the main indications that confidence in the country is growing. "Nobody lends money to a country when there is doubt about its political and economic stability," he said.

The premier announced that loans of about 100 million dollars from the International Monetary Fund and the World Bank are expected in the second half of this year. On Friday, the IMF board of directors will review the implementation of Lithuania's three-year economic policy memorandum and will decide on a $30 million loan for the country.

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